

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Years Ended
June 30, 2020 and 2019



CAPITAL REGION AIRPORT COMMISSION
Richmond International Airport
Virginia

Prepared by:

Finance Department

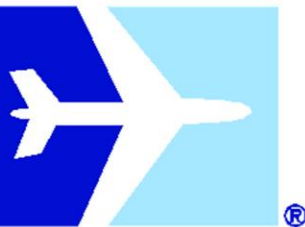
Steven C. Owen
Director of Finance



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RICHMOND
INTERNATIONAL AIRPORT



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Capital Region Airport Commission
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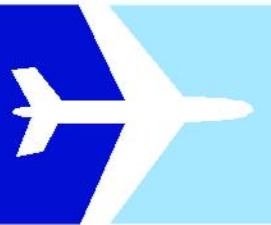
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INTRODUCTORY SECTION

Capital Region Airport Commission
MEMBERS OF THE COMMISSION
June 30, 2020

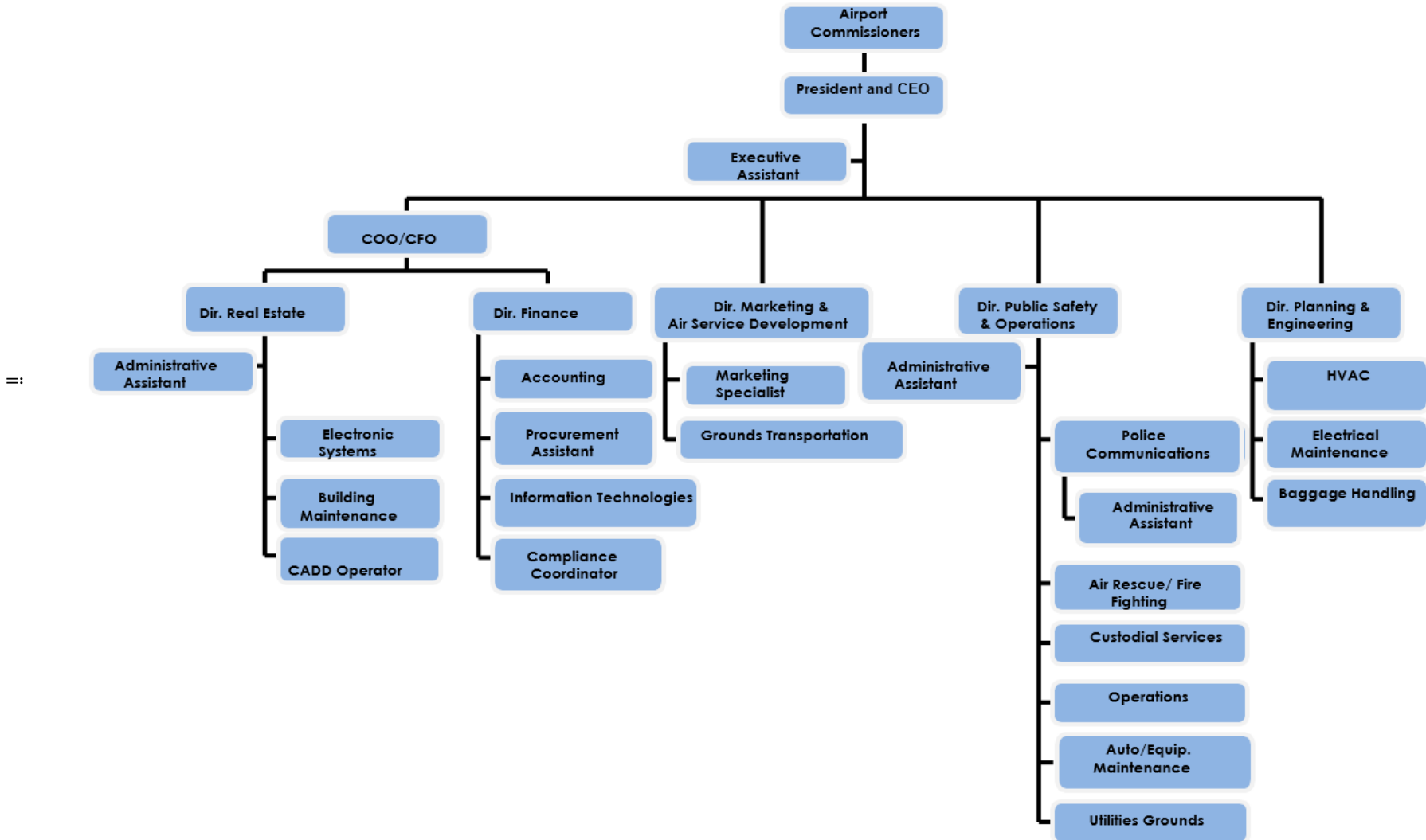
OFFICERS

Patricia S. O'Bannon	Chairman
Wayne T. Hazzard	Vice Chairman
Leslie Haley	Secretary
Robert F. Norfleet, Jr.	Treasurer

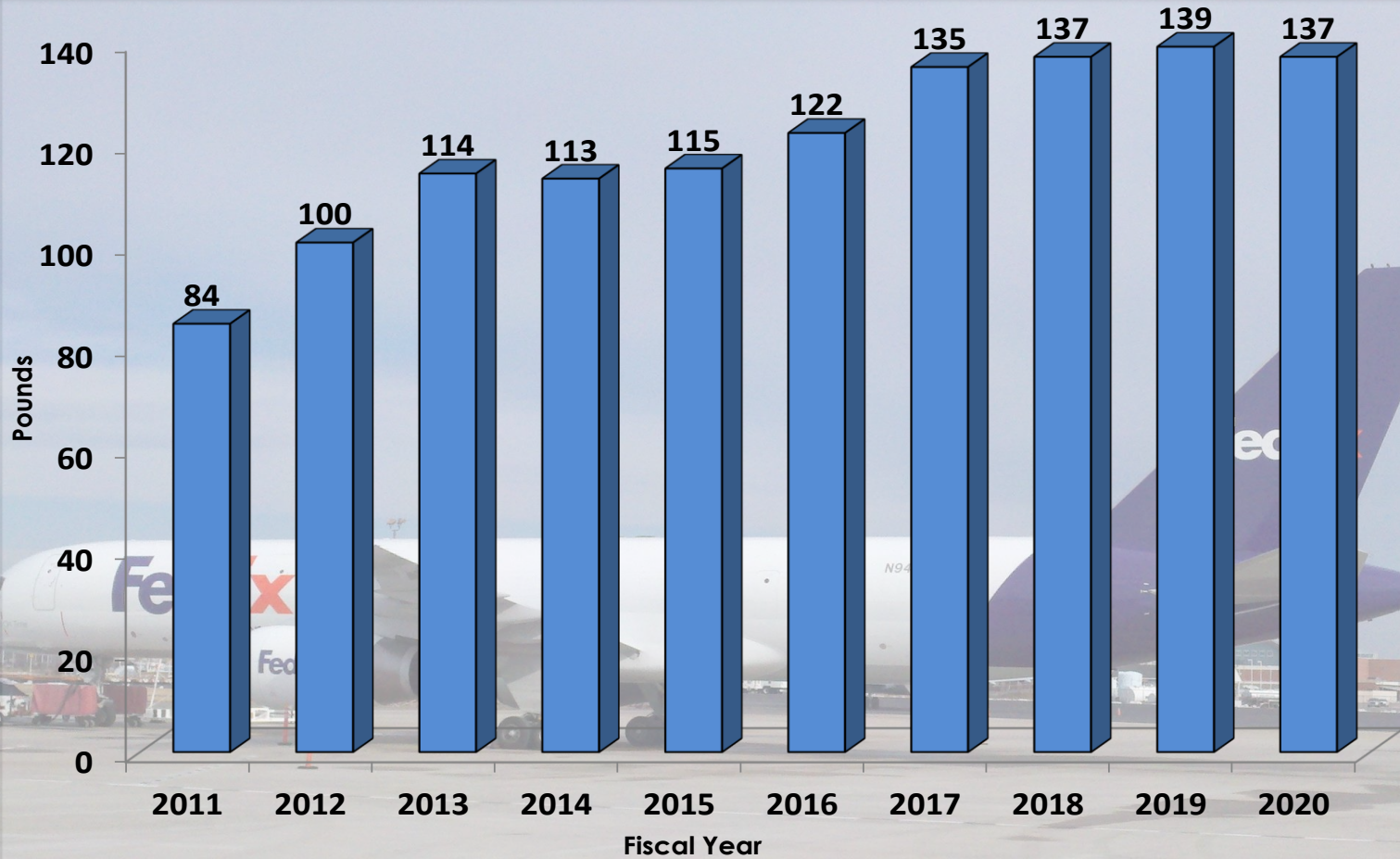
COMMISSIONERS

Algenon L. Brown	City of Richmond
Charles S. Macfarlane	City of Richmond
Robert F. Norfleet, Jr.	City of Richmond
Reva M. Trammell	City of Richmond
Leslie Haley	County of Chesterfield
James M. Holland	County of Chesterfield
C. James Williams, III	County of Chesterfield
Christopher M. Winslow	County of Chesterfield
Wayne T. Hazzard	County of Hanover
Aubrey M. Stanley	County of Hanover
Harvey L. Hinson	County of Henrico
Tyrone E. Nelson	County of Henrico
Patricia S. O'Bannon	County of Henrico
Frank J. Thornton	County of Henrico

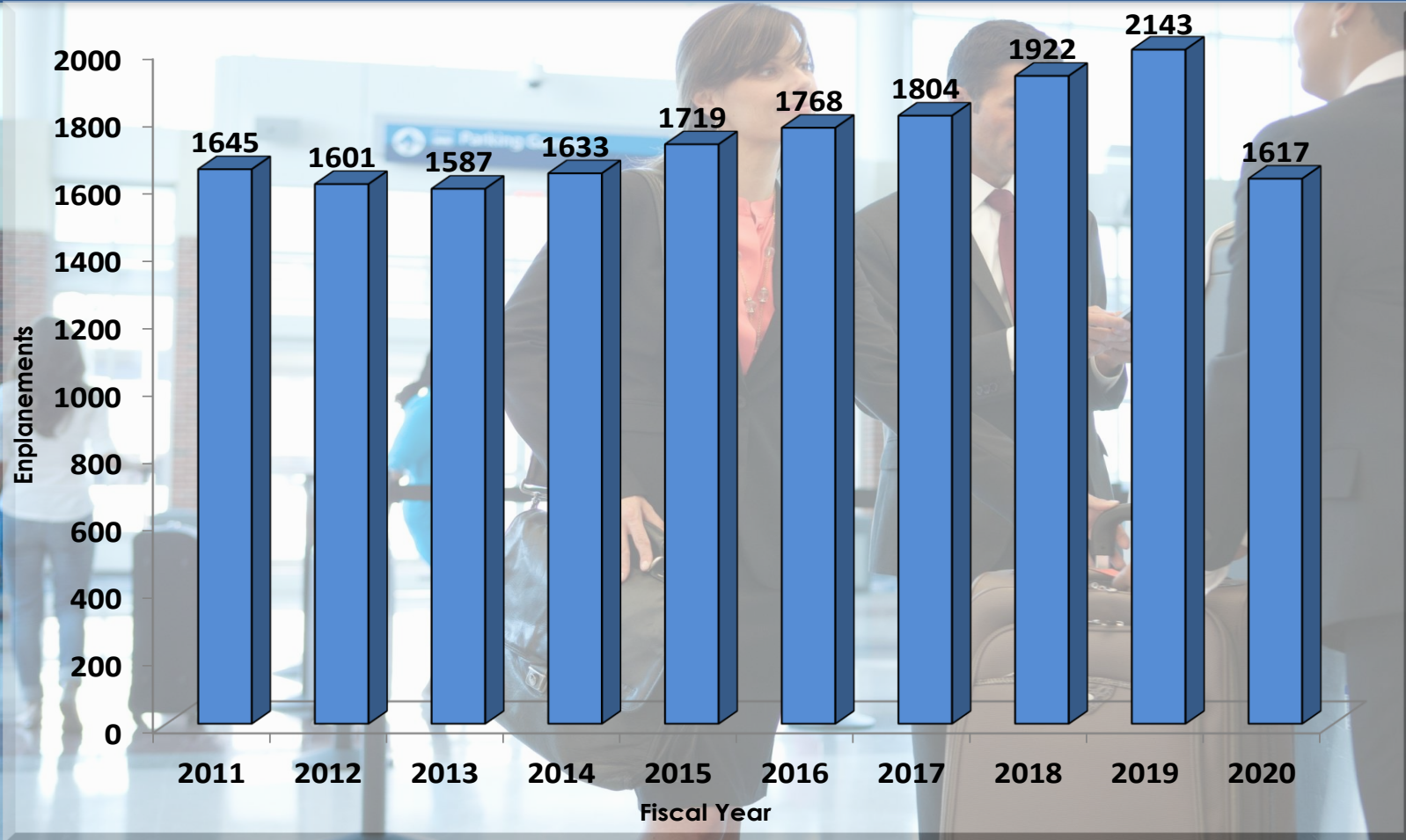
Capital Region Airport Commission ORGANIZATIONAL CHART



**Richmond International Airport
Air Cargo Performance
Fiscal Years 2011 – 2020
(in millions)**



Richmond International Airport Enplaned Passenger Performance Fiscal Years 2011-2020 (in thousands)





Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**Capital Region Airport Commission
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



October 30, 2020

The Commissioners
Capital Region Airport Commission
Richmond International Airport, Virginia

Members of the Commission:

We are pleased to submit for your information the Comprehensive Annual Financial Report of the Capital Region Airport Commission (the "Commission"), for the fiscal year ended June 30, 2020 prepared by the Commission's Finance Department. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects; that it is reported in a manner designed to fairly set forth the financial position and results of the operations of the Commission and that all disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

Management has provided a narrative introduction, overview and analysis to accompany the financial statements which is included in the Management Discussion and Analysis (MD&A). This letter of transmittal should be read in conjunction with the MD&A which can be found in the Financial Section of this report.

ORGANIZATION OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Commission applies the Government Finance Officers Association (GFOA) recommended presentation in financial reporting.

THE COMMISSION

The Commission was created in 1975 as a political subdivision of the Commonwealth of Virginia by an Act of the Virginia General Assembly (the "Act") allowing the Commission to own and operate one or more airports to serve the Richmond metropolitan area. Under the Act, any of the City of Richmond (the "City") and the Counties of Henrico, Charles City, Chesterfield, Goochland, Hanover, New Kent, Powhatan and the Town of Ashland may join the Commission as a "participating political subdivision" subject to making a satisfactory capital contribution to the Commission. On January 1, 1976, the Commission assumed ownership and control of Richmond International Airport (the "Airport") from the City. The City and the County of Henrico became the first political subdivisions to participate in the Commission. Subsequently, the County of Chesterfield and the County of Hanover also became participants in the Commission. The current political subdivisions are the four most populous jurisdictions in the metropolitan area of Richmond.

According to the Act, the City and the Counties of Chesterfield and Henrico may appoint four Commissioners to the Commission and the County of Hanover may appoint two Commissioners.

The governing body of each jurisdiction appoints Commissioners to four-year terms; however, the governing bodies retain the right to remove a Commissioner at any time and appoint a successor. The Commissioners' responsibilities include approving capital and operating budgets, issuing bonds as needed, and administering, managing and directing the activities of the Commission.

THE REPORTING ENTITY

Capital Region Airport Commission is an independent political subdivision where all fourteen board members are appointed by local governmental jurisdictions and is comprised of the City, and the counties of Chesterfield, Hanover and Henrico.

The Commission manages all business activities of the Airport and produces the financial statements as well as being responsible for the Airport's capital improvements. The Commission is comprised of six departments: Executive, Finance, Marketing & Air Service Development, Planning & Engineering, Public Safety and Real Estate.

AIRPORT OPERATIONS

On October 15, 1927, Richard E. Byrd Airport, named after the Virginia explorer-aviator, Admiral Richard Evelyn Byrd, was dedicated. Present at the opening ceremony was Col. Charles Lindbergh and his famous aircraft, The Spirit of St. Louis. The Airport's construction was initiated earlier as the City purchased 100 acres of land for \$30,000 and leased 300 more. Presently the Airport owns 3,078 acres.

Today the Airport is called Richmond International Airport. The Airport has evolved into one of the most modern and well-equipped airports in the eastern United States. The Airport is currently served by seven major airlines, twelve regional or commuter airlines and several scheduled passenger charter operations which serves the needs of the area's citizens with about 52 daily flights. The Airport's cargo needs are met by three all-cargo carriers; two fixed base operators on the grounds offer fuel and maintenance services for corporate aircraft and the Airport has a Foreign Trade Zone. The total enplaned passengers in fiscal year 2020 was 1.62 million which was a (24.5%) decrease from the 2019 level of 2.14 million enplaned passengers. The decrease in enplanements was due to the worldwide Covid-19 pandemic and the related travel restrictions and shutdowns. The Airport is an economic engine for the Richmond region, generating an estimated \$2.1 billion annually. The Airport also provides jobs for 3,000 plus local residents

Perry J. Miller, M.S., A.A.E., IAP was appointed president and CEO of the Commission effective August 17, 2019. Miller succeeds Jon Mathiasen, A.A.E., who served as president and CEO since 2000. Miller was the interim CEO of the Jackson Municipal Airport Authority in Jackson, MS, where he also served as the chief operating officer. He is responsible for overall fiscal management, operations, administration and economic development initiatives of the airport. Previously, he worked for more than 25 years in various management positions with William P. Hobby Airport, George Bush Intercontinental Airport, and Ellington Field, all of which are a part of the Houston Airport System.

ECONOMIC CONDITIONS

The Airport is conveniently located approximately six miles from the City's business district, providing air service to over 3 million passengers, with approximately 140 million pounds of cargo passing through the Airport this year. The Airport is geographically located within 750 miles of approximately 60% of the nation's population.

The U.S. airline industry remained strong through calendar year 2019. Airline operating costs were down due to lower fuel prices, translating to higher operating margins. As the economy continued to strengthen, so did business travel. This up-tick in the national economy and the Richmond regional economy has not only supported increased business travel it also has supported more leisure travel. This combination of lower fuel prices and increased leisure travel has provided a strong position for “low-cost” carriers such as Southwest, Allegiant and Spirit to succeed.

During the first quarter of calendar year 2020, President Trump proclaimed a national emergency in the United States due to the COVID-19 outbreak. As a result of the spread of the coronavirus, economic uncertainties have arisen which have negatively impacted the fiscal year 2020 financial results of the Commission. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. The MD&A and the Notes to the Financial Statements will discuss in further detail the impact that the COVID-19 pandemic has had on passenger traffic and the overall financial position of the Commission.

National Accolades and Economic news about Virginia, the Richmond International Airport and the Richmond Metropolitan Statistical Area (MSA):

- Virginia was ranked in Area Development magazine's 2020 “Top States for Doing Business” annual survey. Overall, the Commonwealth placed eighth out of twenty states ranked in the prestigious annual site consultants' survey, which debuted in 2010.
- Virginia remained at No. 4 in the Forbes.com 2019 Best States for Business ranking. This position is the same ranking as the 2018 survey and a jump from No. 5 in 2017. Virginia has placed in the top 10 since the ranking's inception in 2006.
- Richmond named one of Top 10 Cities to Watch in 2020 by Worth magazine.
<https://www.worth.com/10-cities-to-watch-in-2020/>
- Richmond was named one of the Top 30 “Most Affordable Downtowns to Live in Across America” <https://www.msn.com/en-us/money/realestate/the-30-most-affordable-downtowns-to-live-in-across-america/ss-AABG6V3>
- Richmond was named “A Top Mid-size City in the U.S. for Foreign Direct Investment” in FDI Intelligence's American Cities of the Future 2019/20 rankings.
<https://www.grpva.com/newsroom/news/richmond-named-a-top-u-s-city-of-the-future-for-foreign-direct-investment/>
- October 2019: Wipro Limited, a leading global information technology, consulting and business process services company, announced the opening of the next generation engineering and innovation center in Henrico County, Va., to accelerate innovation for local startups and clients, that will create 200 additional jobs.
- December 2019: Wegmans Food Markets, a grocery retailer with stores throughout the Northeast and mid-Atlantic regions, will invest \$175 million to establish a full-service, regional distribution operation in Hanover County. Virginia successfully competed with North Carolina for the project, which will create 700 new jobs.
- February 2020: SimpliSafe, a leading producer of self-installed home security systems, will invest \$5.5 million to establish a customer support operation in the Willow Lawn area of Henrico County, creating 572 new jobs.

- June 2020: ASGN Incorporated will invest a total of \$12.4 million to move its corporate headquarters from Calabasas, California, to Henrico County and grow operations across the Commonwealth, creating a total of 700 new jobs.

DEMOGRAPHICS AND EMPLOYMENT

The population of the Richmond MSA is estimated to be 1.4 million and is projected to remain at 1.4 million through 2020. The median household income for 2018 was \$57,301 which is higher than the national average of \$54,526.

The Richmond Metro area's unemployment rate was 2.9% in calendar year 2019 compared to 3.2% in 2018, higher than the state unemployment rate of 2.8% and below the national rate of 3.7%. The unemployment rate for the Richmond MSA hit a record high of an estimated 11.2% in April of 2020 and then decreased to an estimate of 8.9% in June 2020.

Seven Richmond Metropolitan area businesses are listed Fortune 500 companies:

<i>Dominion Energy</i>	<i>CarMax</i>
<i>Genworth Financial</i>	<i>Owens & Minor</i>
<i>Altria Group</i>	<i>Markel</i>
<i>Performance Food Group</i>	

Three Richmond Metropolitan area businesses are listed Fortune 1000 companies:

<i>Brink's</i>	<i>Universal</i>	<i>NewMarket</i>
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COMMISSION WEBSITE

The Commission has a website that offers a wide variety of current information to users, including financial information and operational statistics. Users have the capability to access the airlines serving the Airport, flight arrival and departure information, and download flight schedules directly onto their smart phones along with information about ground transportation, parking and maps. The Commission's Comprehensive Annual Financial Report (CAFR) is posted on the web site. The web address is www.flyrichmond.com.

FINANCIAL INFORMATION

The Commission's management is responsible for establishing and maintaining internal controls sufficient to ensure safeguarding of Commission assets. In developing and evaluating the Commission's accounting system, consideration is given to the adequacy of internal controls.

Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Commission's internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

In addition to the internal controls described above, budgetary controls are also established to ensure compliance with annual operating and capital budgets approved by the Commission. Monthly reports containing comparisons between actual and budget and current and prior year amounts are prepared and presented to the Commission. The Commission approves significant capital budget adjustments.

FINANCIAL HIGHLIGHTS

In fiscal year 2020, the Airport experienced a (24.5%) decrease in the number of passenger enplanements when compared to fiscal year 2019, resulting in total fiscal year 2020 enplanements of 1.62 million. The decrease was due to the travel restrictions related to the worldwide COVID-19 pandemic.

The Commission hired Campbell-Hill Aviation Group to do an enplanement forecast and outlook scenario that included the fourth quarter of fiscal year 2020 and fiscal years 2021-2025. The Commission incorporated the medium forecast from the Campbell-Hill forecast into the budgeting process. The Campbell-Hill forecast is discussed in greater detail in the MD&A portion of the Financial Section.

The Commission adopted the fiscal year 2021 budget which includes \$43.8 million in operating revenue an (1.2%) decrease compared to the fiscal year 2020 actual revenues of \$44.4 million. The Commission is still evaluating the impact that the worldwide COVID-19 pandemic will have on fiscal year 2021 passenger traffic. The Commission's budgeted operating expenses for fiscal year 2021 are \$25.5 million a (4.7%) decrease when compared to fiscal year 2020 actual expenses.

The Commission decided to continue to move ahead with two major capital projects, Concourse A Expansion and Checkpoint B Widening. These projects are primarily funded by Passenger Facility Charges (PFC). The Commission was able to use existing capital project funding to fund these projects in advance of being reimbursed by future PFC collections. This eliminated the need for issuing bonds and the associated additional costs.

INDEPENDENT AUDIT

The Commission's enabling legislation requires an annual audit of its financial statements by independent certified public accountants that are selected by the Commission. This requirement has been met and the auditors' opinion is included in the Financial Section of this report. In addition, the annual audit complied with the requirements of the U.S. Office of Management and Budget Uniform Guidance and the applicable reports are included in the Compliance Section.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Capital Region Airport Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirtieth consecutive year that the Commission has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the comprehensive annual financial report on a timely and efficient basis is achieved by the efficient and dedicated services contributed by the entire Finance department staff. We wish to express our appreciation for their continuing efforts in maintaining the highest standards for managing the financial operations of the Commission. We would also like to express our appreciation to all the members of the Commission for their continued support and guidance.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Leon Miller". The signature is fluid and cursive, with a large loop at the beginning.

President and Chief Executive Officer

A handwritten signature in black ink, appearing to read "Steve". The signature is cursive and somewhat stylized.

Director of Finance





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FINANCIAL SECTION



Independent Auditors' Report

**To the Commissioners
Capital Region Airport Commission
Richmond International Airport, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of Capital Region Airport Commission as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Region Airport Commission, as of June 30, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement of Beginning Balances

As described in Note 1 to the financial statements, in 2020, Capital Region Airport Commission reported a new retiree medical benefit plan established for employees during fiscal year 2019. Accordingly, beginning balances were restated to reflect the actuarially determined liability.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 3-16 and 81-90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Capital Region Airport Commission's basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of Capital Region Airport Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Capital Region Airport Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Capital Region Airport Commission's internal control over financial reporting and compliance.

Robinson Farrow Cox Associates

Charlottesville, Virginia
October 26, 2020

**Capital Region Airport Commission
Management's Discussion and Analysis
June 30, 2020 and 2019**

The Capital Region Airport Commission's ("Commission") Management's Discussion and Analysis ("MD&A") section provides a review of the key financial events and items impacting Richmond International Airport's (the "Airport") operations and financial statements. This discussion and analysis provides an overall view of how the Airport deals with both current and future conditions.

The preparation of this report was performed by the Commission's management team and we recommend that the Management Discussion and Analysis be read in conjunction with the Commission's financial statements and the supplemental schedules included in the financial report. Following this MD&A are the basic financial statements of the Commission together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

The Commission's financial statements are prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP") applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (the "GASB"). The financial statements are prepared on the accrual basis, recognizing revenue when earned and expenses when incurred, and include all of the business activities of the Airport. Assets are designated as restricted and unrestricted in accordance with indentures and other agreements. See notes to financial statements for a summary of significant accounting policies.

The Commission's operations are self-supported using aircraft apron fees, landing fees, fees from the terminal and other rental as well as revenues from concession and non-aviation revenues such as parking and food establishments to fund operating expenses. The Commission is not taxpayer funded. The capital program is funded by bonds, federal and state grants, customer and passenger facility charges and net remaining revenue after operating and debt service costs.

The Commission's fiscal year is from July 1 to June 30. The following MD&A of the Commission's financial performance is for the years ended June 30, 2020 and 2019. Information for the preceding fiscal year ended June 30, 2018 has been included to provide a better insight into the overall financial performance of the Commission. All dollar amounts are provided in thousands.

COMMISSION ACTIVITIES & HIGHLIGHTS

Passenger and air carrier activity was at a record pace for the months of July 2019 through February 2020, which made February the 29th month, in a row, of record monthly enplanements. The record enplanements ended in March 2020 due to the significant reduction in passenger traffic that occurred in the last two weeks of the month as a result of the travel restrictions related to the worldwide COVID-19 pandemic. The Commission saw a sharp decline in passenger traffic in the last four months of the fiscal year (March – June 2020). Total enplanements for the months of March through June 2020 were 151 thousand compared to 760 thousand for the same time period in 2019. This was an (80.1%) decrease in enplaned passengers when compared to the same time period in 2019. The total passengers enplaned for fiscal year 2020 were 1.62 million, which was (24.5%) lower than fiscal year 2019 enplanements of 2.14 million and (26.0%) lower than the fiscal year 2020 budgeted enplaned passengers. Fiscal year 2019 enplanements were higher than fiscal year 2018 enplanements of 1.92 million.

Due to the worldwide pandemic and the related travel restrictions and shutdowns, the Commission experienced a sudden and sharp decline in revenues. Parking revenue and concession revenue saw the sharpest declines. The Commission immediately implemented cost cutting measures to offset the reduction in operating revenues. Some of the actions taken were implementation of a hiring freeze, closing of the economy lot B, elimination of shuttle operations and related staffing, and staff reductions through early retirement for eligible Commission staff.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

In May, the Commission was awarded \$18.8 million in federal CARES Act grant funding. The funds can be used for offsetting allowable operating and debt service expenses incurred by the Airport after January 27, 2020. The grant funds are available for up to four years and reimbursement requests need to be submitted to and approved by the FAA prior to receiving reimbursement. During fiscal year 2020, the Commission submitted reimbursement requests for \$5.4 million in allowable operating expenses. The Commission anticipates drawing the remainder of the available funds in fiscal year 2021.

The Commission ended fiscal year 2020 with a (15.6%) decrease in revenues when compared to the 2020 budgeted revenues and a (16.4%) decrease when compared to fiscal year 2019 revenues. This was primarily due to a (20.7%) decrease in concession revenue when compared to the 2020 budgeted concession revenue and a (22.2%) decrease in parking revenue when compared to the 2020 budgeted parking revenue. Concession revenue decreased (21.3%) when compared fiscal year 2019 concession revenue and parking revenue decreased (24.6%) when compared to fiscal year 2019 parking revenue. The decrease in concession revenue is primarily due to a (24.8%) decrease in rental car revenue and a (28.3%) decrease in ground transportation fees. The decrease in parking revenue is attributed to the (26.0%) decrease in enplanements when compared to the fiscal year 2020 budgeted enplanements due to the worldwide pandemic and the related travel restrictions and shutdowns.

The Commission's revenues are derived primarily from airline rates and charges for the use of the Airport's facilities in the form of landing fees, terminal rents, and apron fees received from airlines using the airport; concession fees from the vendors serving the passengers including food and beverage, retail and rental cars; public parking fees including surface and garage parking; and fixed based operator activities from general aviation activities. The average monthly enplaned passengers increased from 160,202 in fiscal year 2018 to 178,570 in fiscal year 2019 and then decreased to 134,750 in fiscal year 2020. The decrease in passengers, when compared to fiscal year 2019, had negative effects on the Commission's main revenue stream, parking, in fiscal year 2020.

Aircraft operations decreased to 90 thousand a (13.5%) decrease when compared to fiscal year 2019 operations of 104 thousand which was a 5.1% increase when compared to fiscal year 2018. Aircraft operations are comprised of air carrier, the military, air taxi, and general aviation.

Cargo landed weight in 1,000-pound units increased by 2.9% in fiscal year 2020 to 528 million pounds compared to fiscal year 2019 and decreased (1.4%) in fiscal year 2019 to 513 million pounds compared to fiscal year 2018 landed weight of 520 million pounds.

The Airport's parking revenue decreased (22.2%) in fiscal year 2020 when compared to fiscal year 2019 and increased 11.9% in fiscal year 2019 when compared to fiscal year 2018. Parking revenue decreased due to the effect of lower than budgeted enplanements. Parking revenue per enplaned passenger decreased slightly when compared to fiscal year 2019 parking revenue per enplaned passenger. Parking rates were essentially the same as fiscal year 2019 for the first eight months of the fiscal year. Due to the worldwide pandemic and the related travel restrictions and shutdowns, starting in April, the Commission closed the economy lots and reduced the daily rate in the parking decks to \$10.00 per day. These changes remained in place through the remainder of the fiscal year.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

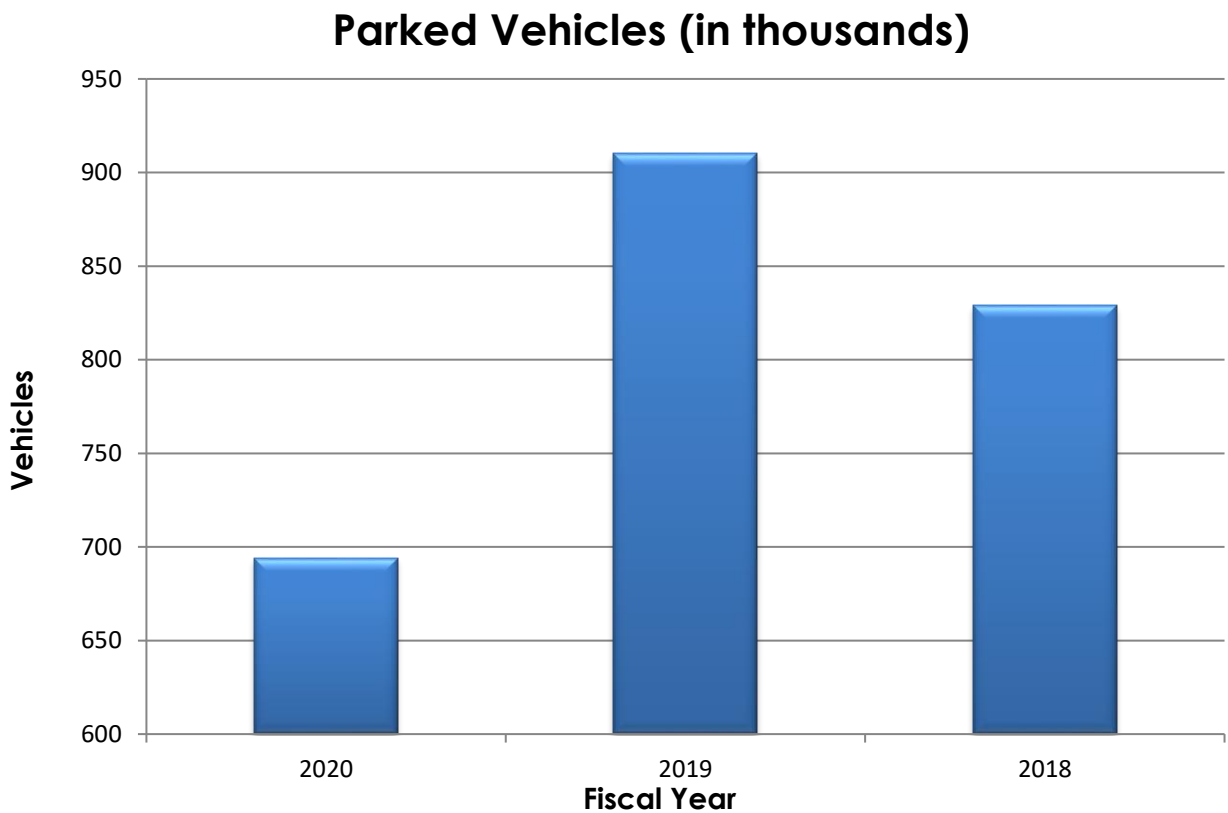
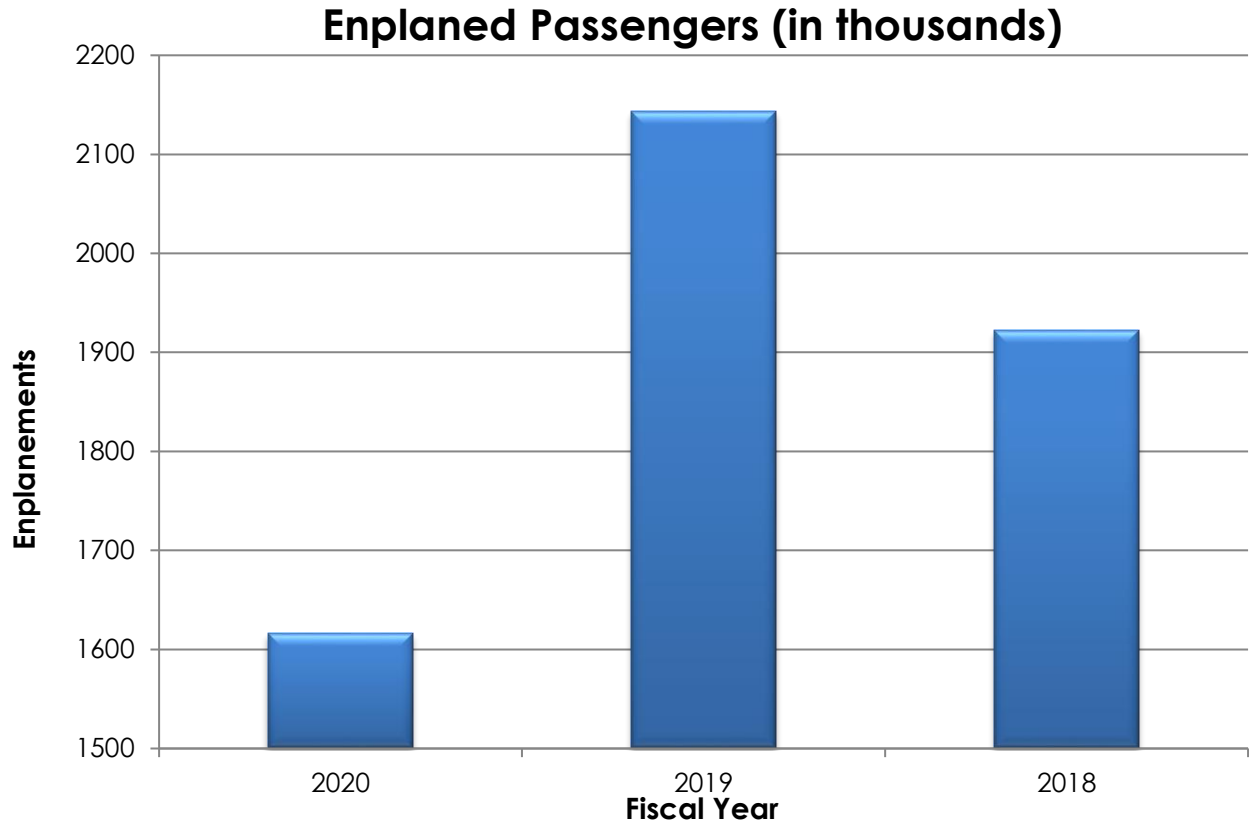
The parking revenue accounted for 39.6% of the Airport's operating revenue in fiscal year 2020 compared to 43.9% in fiscal year 2019 and 43.6% in fiscal year 2018.

	2020	2019	2018
Parking Revenue per Enplanement	\$10.86	\$10.87	\$10.83
Percent Increase (Decrease)	(0.1%)	0.4%	(3.7%)

As of June 30, 2020, the Airport was served by seven major airlines, with about 52 daily flights to 16 non-stop destinations and more than 3.2 million travelers per year.

	FY 2020	FY 2019	FY 2018
Enplanements	1,617	2,143	1,922
% increase / (decrease)	(24.5%)	11.5%	6.6%
Aircraft Operations (total take-offs and landings)	90	104	99
% increase / (decrease)	(13.5%)	5.1%	5.3%
Airline's Landed Weight (1,000 pound units)	2,080	2,559	2,275
% increase / (decrease)	(18.7%)	12.5%	7.6%
Air Cargo Carrier Activity (pounds)	136,653	138,654	136,582
% increase / (decrease)	(1.4%)	1.5%	0.8%
Parked Vehicles	694	910	829
% increase / (decrease)	(23.7%)	9.8%	(1.2%)

Note: The numbers presented above are in thousands.



**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

The below selected financial data comparison represents the Commission's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2020, 2019, and 2018.

**SELECTED FINANCIAL DATA
(in thousands)**

	2020	2019	2018
Assets			
Unrestricted current	\$ 21,131	\$ 25,061	\$ 25,405
Restricted current	95,404	99,868	85,074
Capital assets, net	443,958	428,001	429,988
Total assets	560,493	552,930	540,467
Deferred outflows of resources	7,419	6,568	7,004
Liabilities			
Current unrestricted	4,385	3,194	2,886
Current restricted	18,609	16,124	13,179
Long-term debt, net of current maturities	66,999	73,618	83,384
Net Pension Liability	2,390	902	1,923
Net OPEB Liabilities	2,501	1,554	1,316
Total liabilities	94,884	95,392	102,688
Deferred inflows of resources	898	1,524	1,224
Net position			
Net investment in capital assets	381,713	356,384	349,515
Restricted	72,086	88,258	75,610
Unrestricted	18,331	17,940	18,434
Total net position	\$ 472,130	\$ 462,582	\$ 443,559

The Commission experienced an increase in total assets of approximately \$7.6 million or 1.4% during fiscal year 2020 when compared to fiscal year 2019 and a \$12.5 million or 2.3% increase during fiscal year 2019 when compared to fiscal year 2018. The increase in fiscal year 2020 can be attributed primarily to a \$16.0 million increase in capital assets when compared to fiscal year 2019. This was offset by a decrease of (\$3.9) million in unrestricted current assets and a (\$4.5) million decrease in restricted current assets.

Total liabilities decreased (\$508) thousand or (.5%) in fiscal year 2020 when compared to fiscal year 2019 and decreased (\$7.3) million or (7.1%) in fiscal year 2019 when compared to fiscal year 2018. In fiscal year 2020 this change is primarily attributable to a (\$6.6) million decrease in long term debt, net of current maturities, when compared to fiscal year 2019. This was offset by an increase in current unrestricted liabilities of \$1.2 million, current restricted liabilities of \$2.5 million and net pension liability of \$1.5 million when compared to fiscal year 2019.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

The increase in net financial position for fiscal year 2020 was \$9.5 million when compared to fiscal year 2019. Net financial position increased \$19.0 million in fiscal year 2019 and increased \$12.3 million in fiscal year 2018. Fiscal year 2020 resulted in a loss from operations of (\$9.9) million, which was a (\$9.7) million decrease in income from operations when compared to fiscal year 2019. The decrease in income from operations is primarily attributed to a (\$8.7) million decrease in operating revenue when compared to fiscal year 2019 operating revenue and an \$808 thousand increase in operating expenses when compared to fiscal year 2019 operating expenses. In fiscal year 2019, the gain from operations was \$163 thousand, which was a \$1.3 million decrease in the loss from operations when compared to the fiscal year 2018 loss from operations of (\$1.1) million. Net nonoperating income for fiscal year 2020 reflected a decrease in net revenues of (\$123) thousand when compared to fiscal year 2019. This is attributed to a (\$2.5) million decrease in PFC revenue and a (\$587) thousand decrease in CFC revenue when compared to fiscal year 2019. This was offset by a net increase of \$3.0 million (\$5.4 million in CARES Act grant revenue offset by \$2.4 million in expense for the airline rates and charges offset) in other nonoperating revenue. The decrease in both the PFC and CFC revenue was due to a decrease in enplanements due to the worldwide pandemic and the related travel restrictions and shutdowns. Net nonoperating income for fiscal year 2019 reflected an increase in net revenues of \$1.9 million when compared to fiscal year 2018.

Capital contributions increased to \$9.8 million in fiscal year 2020, a \$1.1 million or 12.0% increase when compared to fiscal year 2019. This is primarily due to the runway 7/25 conversion to taxiway and the eastside general aviation projects that are currently ongoing grant funded projects. Capital contributions increased to \$8.8 million in fiscal year 2019, a \$2.1 million or 31.5% increase when compared to fiscal year 2018.

The below chart shows operating revenues and expenses for the three years ended June 30, 2020, 2019, and 2018.

	2020	2019	2018
Operating revenues	\$ 44,368	\$ 53,092	\$ 47,804
Operating expenses	26,701	25,893	24,511
Operating income before depreciation	17,667	27,199	23,293
Depreciation	27,529	27,036	24,426
Operating income (loss)	(9,862)	163	(1,133)
Nonoperating income, net	9,951	10,074	8,167
Income (loss) before capital contributions	89	10,237	7,034
Capital contributions	9,841	8,785	6,681
Change in net position	9,930	19,023	13,715
Beginning net position	462,582	443,559	431,309
Effect of accounting change	(382)	-	(1,465)
Ending net position	\$ 472,130	\$ 462,582	\$ 443,559

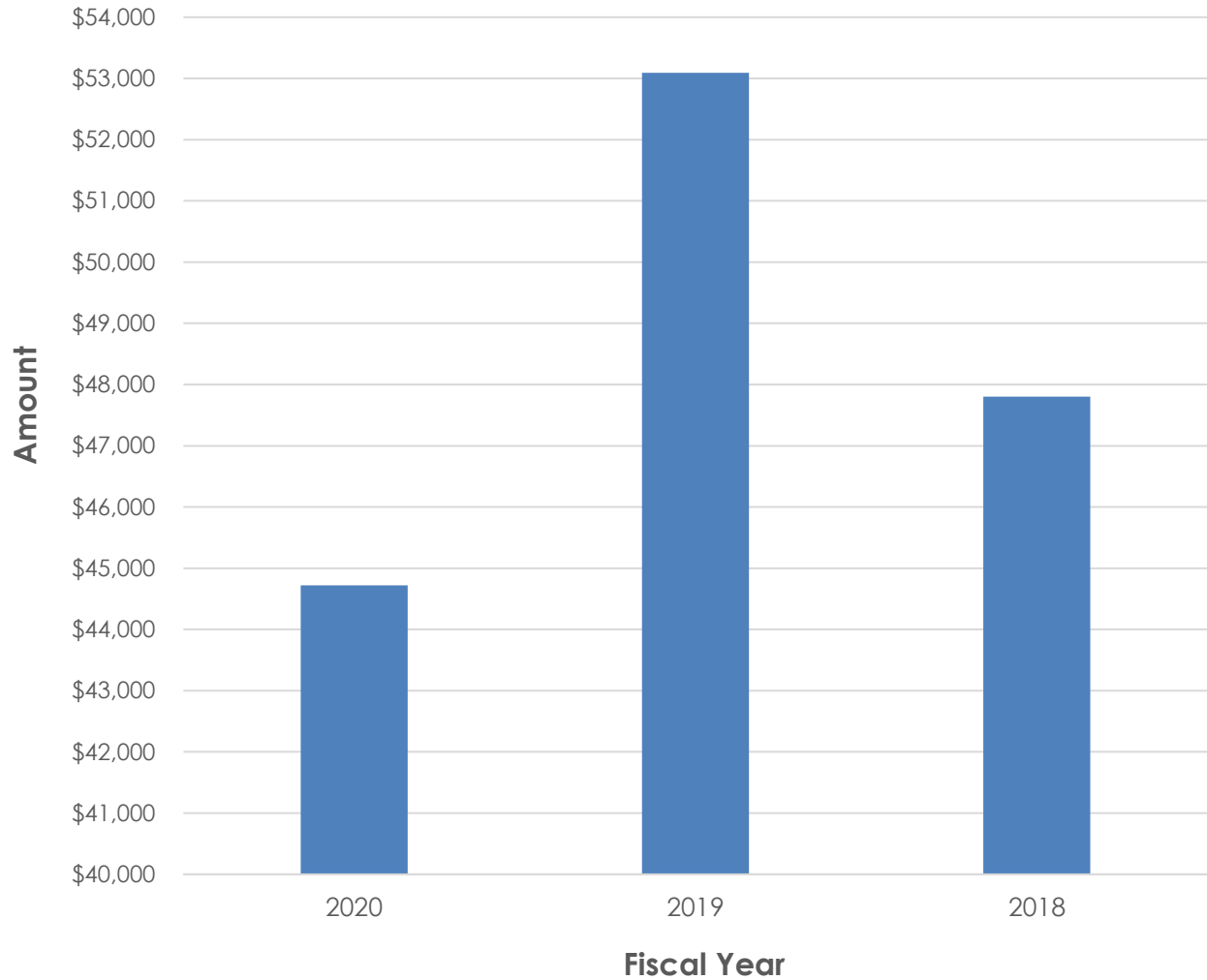
Note: Effect of accounting change is related to the implementation of GASB 75. In 2020, an additional OPEB benefit was implemented.

Operating income before depreciation for fiscal year 2020 decreased by (\$9.5) million or (35.0%) compared to fiscal year 2019, fiscal year 2019 operating income before depreciation increased by \$3.9 million or 16.8% compared to fiscal year 2018. Depreciation expense increased by 1.8% between fiscal year 2020 and 2019 and increased by 10.7% between fiscal year 2019 and 2018. The weighted average yield on investments was approximately 0.60% for fiscal year 2020, 0.80% for fiscal year 2019 and 0.40% for fiscal year 2018.

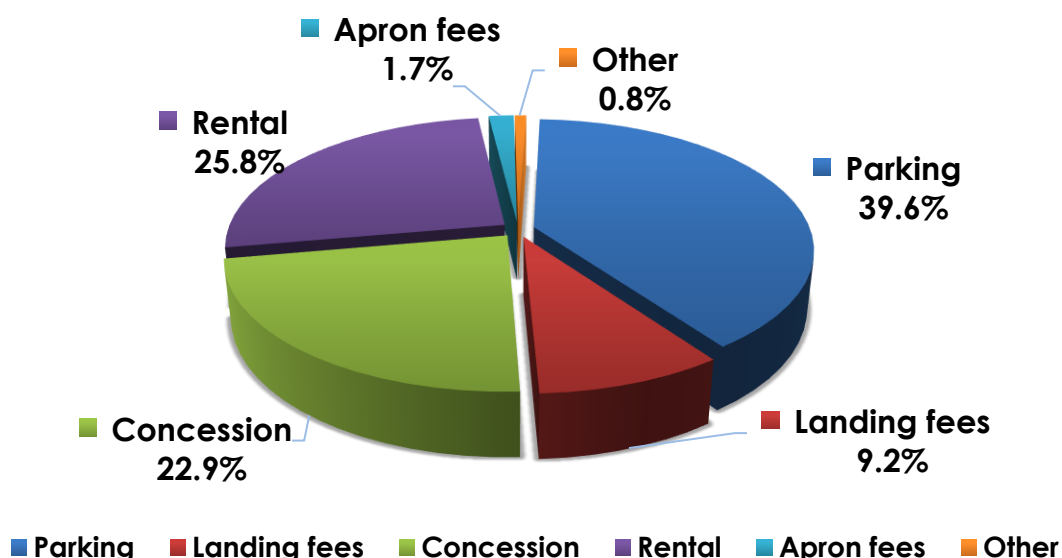
REVENUES

The following graphs illustrate the operating revenues for the three fiscal years ended June 30, 2020, 2019, and 2018 and main sources of revenues for the Airport and each source's percentage of total operating revenues for the fiscal year ended June 30, 2020.

Operating Revenue History (in thousands)



2020 Operating Revenue



Parking revenues at the Airport for fiscal year 2020 were \$17.6 million, which represented a (24.6%) decrease compared to fiscal year 2019; parking revenues for fiscal year 2019 were \$23.3 million, which represented a 11.9% increase compared to fiscal year 2018. The decrease in parking revenue in fiscal year 2020 is attributed to lower than budgeted enplaned passengers due to the worldwide pandemic and the related travel restrictions and shutdowns. Concession revenues for fiscal year 2020 were \$10.2 million which represents a (21.3%) decrease when compared to fiscal year 2019 concession revenue.

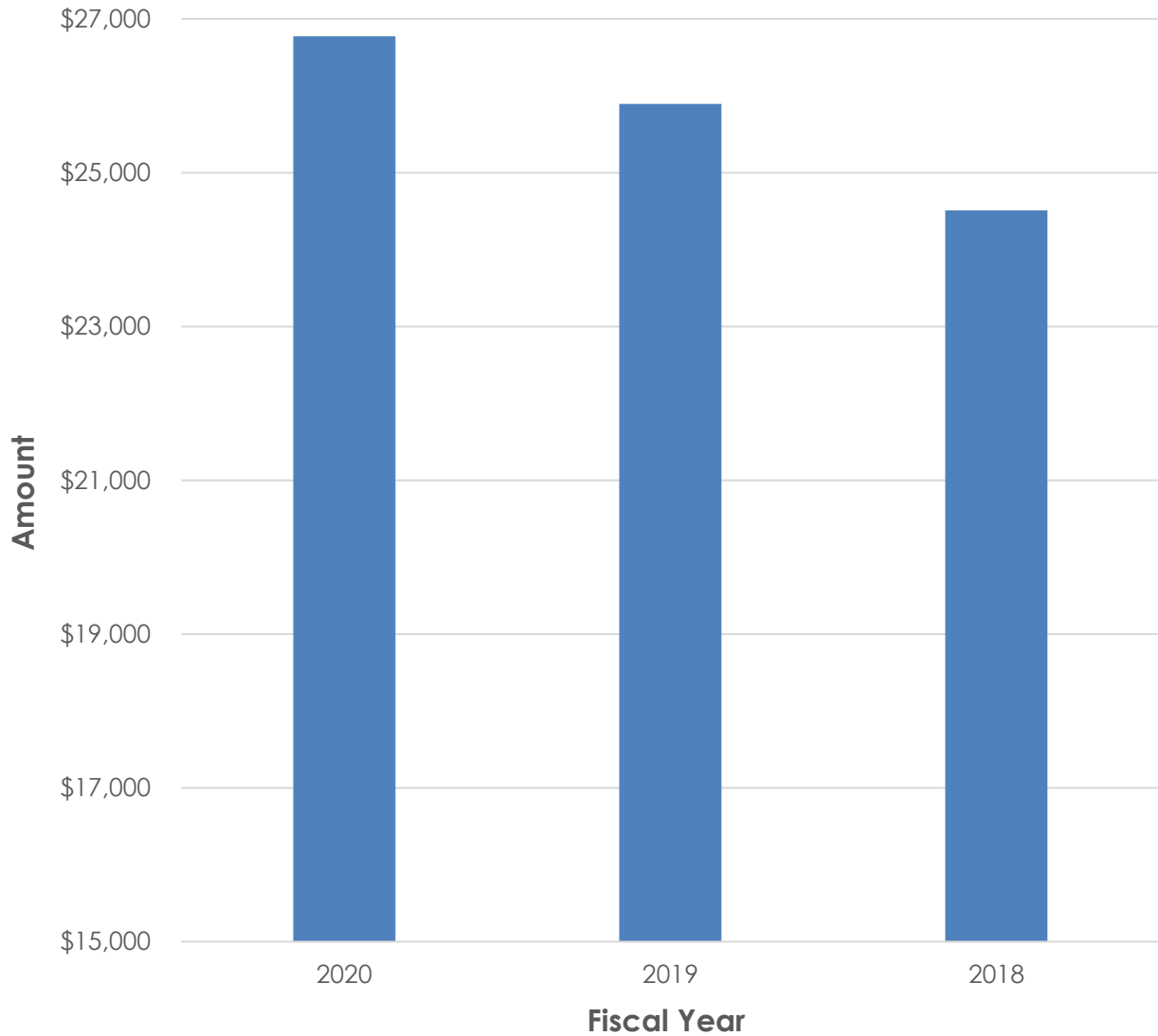
Below is a summary of revenues and nonoperating income stated in thousands, for the three fiscal years ended June 30, 2020, 2019, and 2018:

	2020	2019	2018
Operating Revenues			
Parking	\$ 17,561	\$ 23,288	\$ 20,821
Landing fees	4,067	4,667	4,023
Concession	10,165	12,916	11,105
Rental	11,473	11,071	10,892
Apron fees	756	759	648
Other	346	391	315
Total Operating	<u>44,368</u>	<u>53,092</u>	<u>47,804</u>
Nonoperating Income			
Interest income	1,284	1,523	626
State grant revenue	67	-	-
Federal grant revenue	5,432	-	-
Passenger Facility Charges	6,473	8,940	7,876
Customer Facility Charges	1,921	2,508	2,324
Total nonoperating	<u>15,177</u>	<u>12,971</u>	<u>10,826</u>
Total	<u>\$ 59,545</u>	<u>\$ 66,063</u>	<u>\$ 58,630</u>

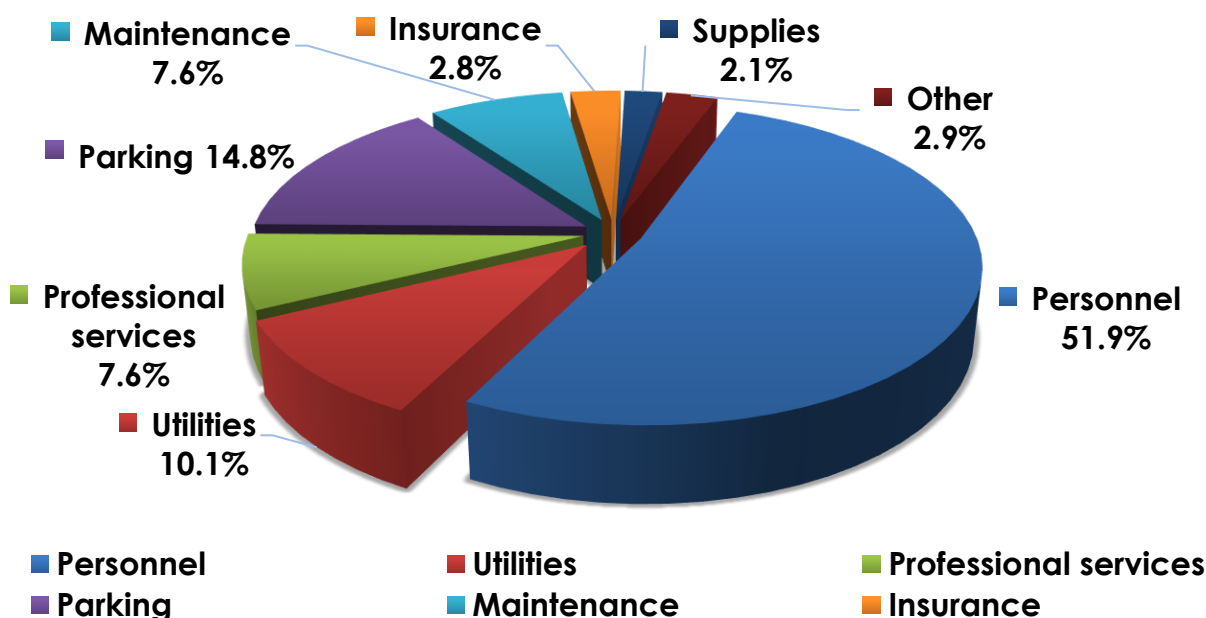
EXPENSES

The following graphs illustrate operating expenses for the three fiscal years ended June 30, 2020, 2019, and 2018 and main sources of expenses for the Airport and each source's percentage of total operating expense for the fiscal year ended June 30, 2020.

Operating Expense History (in thousands)



2020 Operating Expenses



Operating expenses, exclusive of depreciation, totaled \$26.7 million for fiscal year 2020, \$25.9 million for fiscal year 2019 and \$24.5 million for fiscal year 2018. Personnel expense increased by \$858 thousand when compared to fiscal year 2019. Below is a summary of expenses stated in thousands, for the three fiscal years ended June 30, 2020, 2019, and 2018:

Operating Expenses			
Personnel	\$ 13,867	\$ 13,009	\$ 12,457
Utilities	2,717	2,910	2,774
Professional services	2,023	1,749	1,672
Parking	3,958	4,158	3,949
Maintenance	2,034	1,976	1,677
Insurance	756	764	747
Supplies	567	597	602
Other	779	730	633
Total Operating	<u>26,701</u>	<u>25,893</u>	<u>24,511</u>
Depreciation	<u>27,529</u>	<u>27,036</u>	<u>24,426</u>
Nonoperating Expense			
Interest expense	2,783	3,033	2,564
Other, net	8	(136)	95
Airline rates and charges adjustment	2,435	-	-
Total nonoperating	<u>5,226</u>	<u>2,897</u>	<u>2,659</u>
Total	<u>\$ 59,456</u>	<u>\$ 55,826</u>	<u>\$ 51,596</u>

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

CASH FLOW ACTIVITIES

A summary of the major sources and uses of cash and cash equivalents are as follows:

	2020	2019	2018
Cash flows provided by operating activities	\$ 19,264	\$ 27,619	\$ 21,580
Cash flows provided by investing activities	1,025	1,434	636
Cash flows used in capital and related financing activities	(32,989)	(13,783)	(13,896)
Net (decrease) increase in cash and cash equivalents	(12,700)	15,270	8,320
Cash and cash equivalents			
Beginning of year	114,733	99,463	91,144
End of year	\$ 102,033	\$ 114,733	\$ 99,464

Cash flow from operating activities for 2020 decreased by (\$8.4) million or (30.3%) compared to fiscal year 2019. Cash flow from operating activities for 2019 increased by \$6.0 million or 28.0% compared to fiscal year 2018. In fiscal year 2020 the change is primarily due to an (\$8.6) million decrease in cash received from operations.

Cash and cash equivalents for fiscal year 2020 amounted to \$102.0 million representing a (\$12.7) million decrease from fiscal year 2019. Cash and cash equivalents for fiscal year 2019 amounted to \$114.7 million representing a \$15.3 million increase when compared to fiscal year 2018. The fiscal year 2020 decrease in cash and cash equivalents resulted primarily from a (\$8.4) million decrease in cash provided by operating activities.

AIRLINE RATES AND CHARGES

The five-year airline operating and terminal building agreement between the Commission and certain airlines became effective July 1, 2015 and expired on June 30, 2020. This agreement establishes the methods to be used in determining airline rates and charges at the Airport. The Commission has a nonsignatory fee policy that adds a 15% surcharge to the signatory landing fee. The Commission negotiated a new two-year extension of the existing agreement. See Note 19 of Notes to Financial Statements.

Rental fees increased from fiscal year 2019 to 2020 in the amount of \$403 thousand and increased from fiscal year 2018 to 2019 in the amount of \$178 thousand. The increase in fiscal year 2020 is primarily attributed to a \$265 thousand increase in terminal building rental income. The apron fees decreased slightly (\$3) thousand from fiscal year 2019 to 2020 and increased \$111 thousand from fiscal year 2018 to 2019. Rates and charges for the signatory airlines were as follows:

Signatory Airline Rates and Charges	Rate Effective for 2020	Rate Effective for 2019	Rate Effective for 2018
Apron fees (square foot)	\$ 1.13	\$ 1.17	\$ 1.14
Landing fees (1,000 lb. unit)	1.52	1.38	1.34
Terminal rental (square foot)	37.72	37.12	35.10

Note: The rates and charges for 2020 are estimates.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

PASSENGER FACILITY CHARGES

The Commission collects \$4.50 per qualifying enplaned passenger. Passenger Facility Charges ("PFC") totaled \$6.5 million for fiscal year 2020 which was a decrease of (27.6%) when compared to fiscal year 2019. PFC revenue for fiscal year 2019 increased 13.5% when compared to fiscal year 2018. The decrease in PFC revenue was attributed to the decrease in passenger traffic due to the worldwide pandemic and the related travel restrictions and shutdowns.

CUSTOMER FACILITY CHARGES

The Commission increased Customer Facility Charges ("CFC") to \$3.00 on July 1, 2014 and then reduced it to \$2.00 on June 1, 2016. CFC charges remained at \$2.00 for fiscal year 2020. Collections for the year ended June 30, 2020 were \$1.9 million, (23.4%) less than the year ended June 30, 2019 collections of \$2.5 million. The CFC rate was initially increased to fund the expansion of the existing rental car parking deck or the construction of a new rental car parking deck. The rate was decreased when the project was put on hold in fiscal year 2016. Total rental vehicle transaction days for fiscal year 2020 were 1.1 million compared to 1.3 million in fiscal year 2019.

CAPITAL AND DEBT ACTIVITY

Capital Assets

Investments in capital assets include land, land improvements, buildings, construction in progress, furniture and fixtures, machinery and equipment and paved facilities. Capital assets, before accumulated depreciation and retirements, increased \$43.5 million for fiscal year 2020 when compared to fiscal year 2019 and increased \$25.1 million for fiscal year 2019 from 2018. Depreciation expense for fiscal year 2020 was \$27.5 million compared to \$27.0 million in fiscal year 2019, and \$24.4 million in fiscal year 2018.

See Note 4 of Notes to Financial Statements.

Major capital projects that have started or are planned to begin in the next 5 years include:

- ➔ Expansion of Concourse A
- ➔ Security Checkpoint B Widening
- ➔ Rental Car Counter Relocation
- ➔ Rental Car Garage Connector
- ➔ Concourse B Ramp Expansion
- ➔ Runway 7-25 Conversion to Taxiway H
- ➔ Perimeter Security Road Widening
- ➔ Taxiway U South Rehabilitation

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

Long-Term Debt

As of June 30, 2020, the Commission had principal debt outstanding of \$66,752 as follows (in thousands):

Airport Revenue Bonds	<u>\$ 66,752</u>
Total	<u><u>\$ 66,752</u></u>

See Note 5 of Notes to Financial Statements.

ECONOMIC FACTORS AND FISCAL 2021 BUDGET

The Airport experienced a significant reduction in passenger traffic from March 2020 to the end of the fiscal year, especially as compared to the record-breaking numbers that were recorded at the beginning of the fiscal year 2020. As a result, the Commission employed Campbell-Hill Aviation Group to provide an enplanement forecast which takes into consideration a number of factors including:

- RIC Enplanement Data
- Airport Cancellation Trends
- Historical U.S. Department of Transportation, T-100 Data
- Historical, Current, and Future monthly schedule data
- Campbell-Hill assessment of the evolving service patterns and information from airlines
- Past recoveries (especially Post 9-11 and Post natural disasters)
- The key statistic estimated is enplaned passengers. They also estimated monthly onboard passengers (both directions combined) and flights operated by scheduled passenger carriers.

The Commission incorporated the medium forecast from the Campbell-Hill into the budgeting process. The medium forecast anticipates a slow recovery in passenger traffic during the first half of fiscal year 2021 (July – December 2020). The medium forecast also projects that the enplanements for fiscal year 2021 would be 20 – 25 % lower than fiscal year 2019 enplanements. The forecast indicates a significant rebound in enplanements in fiscal year 2022.

The Commission adopted the fiscal year 2021 budget which includes \$43.8 million in operating revenue; an (1.2%) decrease compared to the fiscal year 2020 actual revenues of \$44.4 million. The Commission is evaluating the impact that the significant reduction in passenger traffic due to the travel restrictions related to the worldwide COVID-19 pandemic will have on revenue. Parking, concession and rental revenues are expected to provide the main source of income for fiscal year 2021. Operating expenses of \$25.5 million are budgeted for fiscal year 2021; a decrease of (4.7%) compared to fiscal year 2020 actual expenses of \$26.7 million. The Commission's fiscal year 2021 approved capital budget allotted \$3.5 million for new projects, equipment, and studies.

**Capital Region Airport Commission
Management's Discussion and Analysis (continued)
June 30, 2020 and 2019**

REQUEST FOR INFORMATION

This financial report is designed to provide interested parties with a general overview of the Commission's finances. Should you have any questions about this report or need additional information, please contact the Director of Finance, 1 Richard E. Byrd Terminal Drive, Richmond International Airport, VA 23250-2400. Also, interested parties wishing to obtain updated information at Richmond International Airport can visit on our website at www.flyrichmond.com.

Capital Region Airport Commission
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	2020	2019	
ASSETS			
AND			
DEFERRED			
OUTFLOWS OF			
RESOURCES			
	CURRENT ASSETS		
	Unrestricted Current Assets:		
	Cash and cash equivalents	\$ 19,492,255	\$ 23,080,210
	Accounts receivable, less allowance for doubtful accounts (2020-\$402,281; 2019-\$177,965)	1,401,919	1,879,906
	Other	236,616	101,340
	Total Unrestricted Current Assets	21,130,790	25,061,456
	Restricted Current Assets:		
	Cash and cash equivalents	82,540,937	91,653,175
	Investments	6,600,451	6,345,275
	Customer and Passenger Facility Charges receivable	146,315	1,642,784
	Due from federal and state governments	6,116,055	226,224
	Total Restricted Current Assets	95,403,758	99,867,457
	Total Current Assets	116,534,548	124,928,914
	NONCURRENT ASSETS		
	Depreciable assets, net	316,154,323	315,947,703
	Non-depreciable assets	127,803,612	112,053,637
	Total Noncurrent Assets	443,957,935	428,001,340
	Total Assets	560,492,483	552,930,254
	DEFERRED OUTFLOWS OF RESOURCES		
	Deferred loss on refunding	4,984,987	5,497,243
	Deferred outflows related to pension	1,652,843	704,238
	Deferred outflows related to OPEB	781,340	366,670
	Total Deferred Outflows of Resources	7,419,170	6,568,151
LIABILITIES,	CURRENT LIABILITIES		
DEFERRED INFLOWS	Liabilities From Unrestricted Assets:		
OF RESOURCES	Accounts payable	131,074	1,255,882
AND NET POSITION	Accrued expenses	4,105,933	1,938,549
	Unearned revenue	148,111	-
	Total Liabilities From Unrestricted Assets	4,385,118	3,194,431
	Liabilities From Restricted Assets:		
	Accounts payable	11,343,955	5,644,171
	Accrued interest payable	1,176,648	1,244,656
	Current maturities of long-term debt	6,088,493	9,235,253
	Total Liabilities From Restricted Assets	18,609,096	16,124,080
	Total Current Liabilities	22,994,214	19,318,511
	NONCURRENT LIABILITIES		
	Net Pension Liability	2,389,713	902,004
	Net OPEB Liabilities	2,500,452	1,553,590
	Noncurrent portion of long-term obligations (Note 5)	66,999,243	73,618,351
	Total Noncurrent Liabilities	71,889,408	76,073,945
	Total Liabilities	94,883,622	95,392,456
	DEFERRED INFLOWS OF RESOURCES		
	Deferred inflows related to pension	698,072	1,288,749
	Deferred inflows related to OPEB	200,080	235,497
	Total Deferred Inflows of Resources	898,152	1,524,246
	NET POSITION		
	Net investment in capital assets	381,712,964	356,383,818
	Restricted		
	Debt service	71,886,858	85,581,956
	Customer and Passenger Facility Charges	199,111	2,676,269
	Unrestricted	18,330,948	17,939,661
	Total Net Position	\$ 472,129,881	\$ 462,581,703

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Parking	\$ 17,560,787	\$ 23,288,122
Landing fees	4,067,183	4,667,115
Concession	10,164,781	12,916,034
Rental	11,473,100	11,070,457
Apron fees	756,057	759,106
Other	346,479	391,436
Total Operating Revenues	44,368,387	53,092,270
OPERATING EXPENSES		
Personnel	13,866,810	13,008,479
Utilities	2,716,920	2,910,346
Professional services	2,022,738	1,749,438
Parking	3,958,290	4,158,181
Maintenance	2,034,131	1,975,529
Insurance	755,919	764,300
Supplies	567,275	596,828
Other	778,900	729,846
Total Operating Expenses	26,700,983	25,892,947
Operating Income Before Depreciation	17,667,404	27,199,323
DEPRECIATION	27,529,391	27,036,637
Operating Income (Loss)	(9,861,987)	162,686
NONOPERATING INCOME (EXPENSES)		
Interest income	1,283,925	1,523,294
Interest expense	(2,782,525)	(3,033,459)
Other, net	(8,594)	136,136
State grant revenue	67,200	-
Federal grant revenue	5,431,672	-
Airline rates and charges adjustment	(2,434,475)	-
Passenger Facility Charges	6,473,252	8,940,552
Customer Facility Charges	1,921,004	2,507,756
Total Nonoperating Income (Expenses), Net	9,951,459	10,074,279
Increase/(Decrease) in Net Position Before		
Capital Grants and Contributions	89,472	10,236,966
CAPITAL GRANTS AND CONTRIBUTIONS	9,840,547	8,785,336
CHANGE IN NET POSITION	9,930,019	19,022,302
NET POSITION, BEGINNING	462,581,703	443,559,401
RESTATEMENT	(381,842)	-
TOTAL NET POSITION, ENDING	\$ 472,129,881	\$ 462,581,703

See Notes to Financial Statements.

Capital Region Airport Commission
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations	\$ 44,994,485	\$ 53,669,700
Cash paid to employees	(8,276,395)	(9,971,287)
Cash paid to suppliers	(17,453,930)	(16,079,279)
Cash used in operating activities	(25,730,325)	(26,050,566)
Net cash provided by operating activities	\$ 19,264,160	\$ 27,619,134
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	3,367,759	2,135,531
Purchase of investments	(3,630,365)	(2,244,842)
Interest income received	1,287,746	1,543,527
Net cash provided by investing activities	1,025,140	1,434,216
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(9,235,253)	(9,013,202)
Payment of interest on long-term debt	(2,850,533)	(3,098,760)
Capital contributions received	3,950,716	9,251,557
Passenger Facility Charges collected	7,778,581	8,885,057
Customer Facility Charges collected	2,112,144	2,492,450
Additions to capital assets	(37,786,201)	(22,261,935)
Payments related to investments and bonds	3,041,054	(38,572)
Net cash used in capital and related financing activities	(32,989,492)	(13,783,405)
Net (decrease) increase in cash and cash equivalents	(12,700,192)	15,269,945
CASH AND CASH EQUIVALENTS		
Balances - beginning of year	114,733,385	99,463,440
Balances - end of year	\$ 102,033,192	\$ 114,733,385
Current Assets		
	\$ 19,492,255	\$ 23,080,210
Restricted Assets		
	82,540,937	91,653,175
	\$ 102,033,192	\$ 114,733,385
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (9,861,987)	\$ 162,686
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	27,529,391	27,036,637
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	477,987	577,430
Decrease (increase) in other current assets	(135,278)	93,191
Decrease (increase) in deferred outflows of resources - pension	(948,605)	185,734
Decrease (increase) in deferred outflows of resources - OPEB	(414,670)	(262,143)
Increase (decrease) in trade accounts payable	(1,124,809)	279,516
Increase (decrease) in accrued expenses	2,167,384	29,278
Increase (decrease) in net pension liability	1,487,709	(1,021,287)
Increase (decrease) in net OPEB liabilities	565,021	237,794
Increase (decrease) in deferred inflows of resources -pension	(590,677)	289,380
Increase (decrease) in deferred inflows of resources - OPEB	(35,417)	10,918
Increase (decrease) unearned revenue	148,111	-
Net cash provided by operating activities	\$ 19,264,160	\$ 27,619,134
Supplemental Cash Flow Information		
Non-cash investing, capital and financing activities		
Net increase (decrease) in fair value of investments	\$ (3,610)	\$ 156,348
Non-cash capital contributions	\$ 6,116,055	\$ 226,224
Non-cash PFC and CFC collections	\$ 146,315	\$ 1,642,784
Capital assets included in accounts payable	\$ 11,343,956	\$ 5,644,171
Nonoperating federal grant	\$ 5,431,672	\$ -
Airline rates and charges adjustment	\$ (2,434,475)	\$ -

See Notes to Financial Statements.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Capital Region Airport Commission ("Commission") is a political subdivision of the Commonwealth of Virginia. Commissioners are appointed by participating subdivisions, which currently include the City of Richmond, Virginia and the Counties of Chesterfield, Hanover and Henrico, Virginia. The Commissioners are responsible for addressing broad policy matters and approving the operating and capital budgets. The financial statements of the Commission are presented in the fund of a single enterprise fund; which includes all business activities of the Richmond International Airport (the "Airport"), which the Commission oversees. The Commission, as the owner and operator of the Airport, maintains and enhances facilities to better serve the air transportation needs of Central Virginia. Major functional areas include Executive, Finance, Marketing & Air Service Development, Planning & Engineering, Public Safety and Real Estate. The Airport is currently served by seven major airlines and twelve regional airlines.

The financial statements presented for the Commission are prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") applicable to governmental units as prescribed by the Governmental Accounting Standards Board ("GASB").

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on the accrual basis of accounting, recognizing revenue when it is earned and expenses when they are incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows and disclosures of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Commission considers their demand deposits and all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments, principally money market accounts, and certificates of deposit, are carried at amortized cost. Federal and municipal obligations and money market funds are reported at fair value. Fair values of investments are based on quoted market prices at year end. All investment income, including changes in the fair value of investments, is reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Debt Issuance Costs and Original Issuance Premiums

Debt issuance costs are expensed when they are incurred. Original issuance premiums are amortized using the effective interest method and included on the Statements of Net Position as a reduction or addition to long-term debt.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission has three items that qualify for reporting in this category: accounting loss on debt refunding, pension related items, and other postemployment benefits (OPEB) related items. These items include contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liabilities measurement date, which will be recognized as a reduction of the related liabilities next fiscal year. Certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred outflows of resources. For more detailed information on these items, reference the related notes. The accounting loss on debt refunding is recognized as a component of interest expense over the shorter of the life of the old debt or new debt.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Capital Assets

Capital assets acquired by the Commission, including assets purchased with designated contributions, are recorded at cost. Contributed capital assets are recorded at acquisition value at the date of contribution.

Depreciation is determined using the straight-line method applied over the following estimated useful lives:

Category	Years
Land improvements	5-20
Buildings	40
Paved facilities	20
Furniture and fixtures	5-20
Machinery and equipment	3-15

The cost of maintenance and repairs is charged to expense as incurred. Expenses, that significantly increase property lives, are capitalized. Capital assets having a cost in excess of \$7,500 and a useful life greater than one year are capitalized.

Revenue Recognition

Revenue is recognized when earned. Parking revenue is recognized when the customer vehicle exits the parking facility. Landing and apron fees are recognized as revenue when the Airport facilities are utilized. Concession revenue is recognized based on reported concessionaire revenue. Rental revenue is recognized over the life of the respective leases. All other revenue is recognized when earned.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Expense Classifications

Revenues from airlines, concessions, rental cars and parking are reported as operating revenues. Transactions, which are financing or investing related and customer and passenger facility charges, are reported as nonoperating revenues.

All expenses related to operating the Commission are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Customer Facility Charges

As of December 1, 2000, the Commission entered into a Rental Car Customer Facility Charge Agreement with the on-site airport rental car companies. In accordance with the bond indenture for the rental car garage facility, the Commission determines the amount of the Customer Facility Charge ("CFC") for each rental vehicle transaction day to be collected by the rental car companies. The amount collected is remitted directly to the Commission for deposit in trust accounts restricted for use in connection with the rental car garage facility. Beginning February 1, 2001, the CFC was set at \$2 per day. The rate fluctuated downward over the years to a low of \$.40 on May 1, 2014, but increased to \$3.00 during fiscal year 2015. On June 1, 2016 the rate was changed to \$2.00. Collections during fiscal year 2020 were \$1.9 million (2019 - \$2.5 million).

Passenger Facility Charges

The Federal Aviation Administration (the "FAA") authorized the Commission Passenger Facility Charges ("PFC") rate of \$4.50 per qualifying enplaned passenger, effective January 1, 2005, with the net receipts restricted to use on FAA approved projects. The Commission has been authorized to collect PFC plus interest thereon in the aggregate amount of \$224.1 million. Collections during fiscal year 2020 were \$6.5 million (2019 - \$8.9 million) and aggregate collections and interest thereon from inception through June 30, 2020 were \$151.5 million. Net position related to PFC is restricted for projects that are approved by the FAA.

Federal and State Grants

The Commission receives grants for airport projects funded through the Airport Improvement Program ("AIP") of the FAA and Federal Emergency Management Agency ("FEMA") with certain matching funds and other funds provided by the Commonwealth of Virginia. Capital grants are reported in the statements of revenues, expenses and changes in net position as capital grants and contributions.

State Entitlement Funds

The Commission receives annual entitlement fund allocations from the Virginia Department of Aviation which are required to be maintained in a separate, interest-bearing account. The use of the funds is restricted for purposes established by the Virginia Aviation Board. In addition the Commission is allowed to apply for PFC Funds that are reimbursements of State Entitlement Funds. Once the application is approved, the funds collected are considered State Entitlement Funds and are restricted for purposes established by the Virginia Aviation Board.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Net Position

The Commission restricts net position for certain required debt service funds and for the CFC and PFC programs. When both restricted and unrestricted assets are available for use, the Commission applies restricted assets first and then applies unrestricted assets as needed.

Salaries and Wages

Accrued salaries and wages include regular salaries and wages and accumulated vacation and sick leave. Vacation and sick leave are accumulated based on formulas applied to months of service during a calendar year. Vacation carryover beyond fiscal year end is limited to two times the annual vacation accrual with a maximum of 336 hours per employee. Sick leave accumulates indefinitely; however, the Commission is obligated to pay only 25% of the accumulated liability upon retirement or termination up to a maximum of \$5,000 per employee. Vested vacation and sick leave unpaid at year end is included in accrued expenses and amounted to \$864 thousand at June 30, 2020, and \$991 thousand at June 30, 2019. The net decrease for fiscal year 2020 amounted to \$127 thousand; represented by payments of \$653 thousand to vested employees and additional accrued vacation and sick leave of \$526 thousand. For fiscal year 2019, the net decrease amounted to \$61 thousand.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, LODA, and VLDP OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Budgets

Operating and capital budgets are adopted annually by the Commission and are amended as necessary during the fiscal year. The accrual basis of accounting is applied to the development of these budgets.

Risk Management

The Commission carries commercial insurance for risks of loss including property, workers' compensation, theft, auto liability, general liability and construction insurance. The Commission also carries coverage for public officials and employer's liability under the Virginia State Police Officials' Self-Insurance Pool. There have been no significant reductions in insurance coverage in comparison to coverage in prior years and settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the three past fiscal years.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restatement of Beginning Balances

The Commission implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. In fiscal year 2019, a new medical retiree benefit plan was established for employees. As a result, beginning balances were restated in fiscal year 2020 to reflect the beginning liability as calculated by an actuary in the plan's initial valuation. This restatement of net position was as follows:

Net Position as reported at June 30, 2019	\$ 462,581,703
Recognition of Pre-65 Medical Plan	(381,842)
Net Position as restated at June 30, 2019	\$ 462,199,861

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance. The allowance is determined based on known troubled accounts, historical experience, and other currently available evidence. The allowance activity in the allowance for doubtful accounts was as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of period	\$ 177,965	\$ 243,441
Charged to costs and other write-offs	373	(138,500)
Bad debt expense	223,944	73,024
Balance, end of period	<u>\$ 402,282</u>	<u>\$ 177,965</u>

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 2. FORMATION OF THE COMMISSION

As of January 1, 1976, under an agreement among the City of Richmond, Virginia (the "City"), the County of Henrico, Virginia and the Commission; the City transferred to the Commission the property then constituting the Airport. Consideration for the transfer was \$3,000,000 plus the Commission's agreement to reimburse the City \$7,484,954 for the portion of the City's debt service related to the Airport property (City has been fully reimbursed). The Commission valued the property at \$64,924,072, based on independent appraisals, and recorded the property on its books at this amount. The \$54,439,118 difference between the recorded amount and the consideration was treated as a contribution of assets.

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following:

	2020	2019
Petty cash	\$ 432	\$ 618
Deposits at financial institutions	22,472,603	26,440,849
Cash equivalents and investments	86,160,608	94,637,194
	<u>\$ 108,633,643</u>	<u>\$ 121,078,661</u>
Summary:		
Unrestricted assets	\$ 19,492,255	\$ 23,080,211
Restricted assets	89,141,388	97,998,450
	<u>\$ 108,633,643</u>	<u>\$ 121,078,661</u>

Deposits

At June 30, 2020, the carrying value of the Commission's deposits with banks was \$22,472,603 with corresponding bank balances of \$23,528,512. At June 30, 2019, the carrying value of the Commission's deposits with banks was \$26,440,848 with corresponding bank balances of \$27,447,803. Bank balances are covered by Federal Depository Insurance Corporation ("FDIC") in accordance with the Virginia Security for Public Deposits Act.

The remainder of money markets and cash deposits maintained by trustees is \$79,560,157.

Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Deposits are considered insured as the State Treasury Board has the ability to assess additional collateral of the participating banks, if necessary. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations.

Credit Risks

The Commission's policy is to follow the statutes of the Commonwealth of Virginia and invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: rated A-1 by Standard and Poor's; P-1 by Moody's Investor Service, Inc; or F1 by Fitch Ratings, Inc., banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool ("LGIP") and the Commonwealth of Virginia State Non-Arbitrage Program ("SNAP").

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Interest and credit risk: Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Commission currently has no formal policy relating to interest rate risk. The Commission's cash equivalents and investments at June 30, 2020, except for those relating to money market funds, are categorized below to give an indication of the level of risk assumed by the Commission at year-end:

Investment Maturities and Ratings for 2020

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12 months</u>	<u>Over 12 months</u>	<u>Moody's Quality Ratings</u>
Atlanta GA Development Authority Revenue	\$ 751,650	\$ -	\$ 751,650	WR
Federal National Mortgage Association	3,041,270	2,597,706	443,564	Aaa
Federal Home Loan Banks	977,732	-	977,732	Aaa
Federal Farm Credit Banks	1,829,799	-	1,829,799	Aaa
	<u>\$ 6,600,451</u>	<u>\$ 2,597,706</u>	<u>\$ 4,002,745</u>	

Investment Maturities and Ratings for 2019

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 12 months</u>	<u>Over 12 months</u>	<u>Moody's Quality Ratings</u>
Atlanta GA Development Authority Revenue	\$ 750,660	\$ -	\$ 750,660	WR
Federal National Mortgage Association	1,043,287	418,387	624,900	Aaa
Federal Home Loan Banks	2,651,366	374,419	2,276,947	Aaa
Federal Farm Credit Banks	626,969	-	626,969	Aaa
Federal Home Loan Mortgage Corp	1,272,993	1,272,993	-	Aaa
	<u>\$ 6,345,275</u>	<u>\$ 2,065,799</u>	<u>\$ 4,279,476</u>	

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Commission maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date.
- Level 2 are directly or indirectly observable inputs for the asset or liability other than quoted prices.
- Level 3 are unobservable inputs that are supported by little or no market activity for the asset or liability.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

Fair Value Measurements: (continued)

The Commission has the following recurring fair value measurements as of June 30, 2020 and 2019:

Investment	6/30/2020	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Atlanta GA Development Authority Revenue	\$	751,650		
Federal National Mortgage Association		3,041,270		
Federal Home Loan Banks		977,732		
Federal Farm Credit Banks		1,829,799		
BB & T Public Fund Money Rate Savings		15,331,159		
Money Market Mutual Funds		57,628,547		
		<u>\$</u>	<u>79,560,157</u>	

Investment	6/30/2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Atlanta GA Development Authority Revenue	\$	750,660		
Federal National Mortgage Association		1,043,287		
Federal Home Loan Banks		2,651,366		
Federal Farm Credit Banks		626,969		
BB & T Public Fund Money Rate Savings		15,135,604		
Money Market Mutual Funds		66,811,039		
Federal Home Loan Mortgage Corp		1,272,993		
		<u>\$</u>	<u>88,291,918</u>	

Custodial credit risk: The risk that in the event of the failure of the counter party, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's investment policy requires the use of a third party custodial safekeeping agreement for all purchased securities, and requires that securities be held in the name of the Commission. As of June 30, 2020, all of the Commission's investment securities held by third parties are in the name of the Commission.

Concentration of credit risk: The Commission places no limit on the amount that may be invested in any one issuer.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 4. CAPITAL ASSETS

	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 53,180,541	\$ -	\$ -	\$ -	\$ 53,180,541
Construction in progress	58,873,095	42,171,722	-	(26,421,746)	74,623,071
Total Non Depreciable Capital Assets	112,053,636	42,171,722	-	(26,421,746)	127,803,612
Other capital assets:					
Land improvements	20,593,846	-	-	-	20,593,846
Buildings	324,435,523	239,359	-	11,165,712	335,840,594
Paved Facilities	252,653,249	84,223	-	12,933,054	265,670,526
Furniture and fixtures	3,300,099	18,812	-	728,523	4,047,434
Machinery and Equipment	35,580,032	971,870	-	1,594,457	38,146,359
Total Other Capital Assets	636,562,749	1,314,264	-	26,421,746	664,298,759
Total Capital Assets	748,616,385	43,485,986	-	-	792,102,371
Accumulated depreciation:					
Land improvements	(10,240,170)	(1,410,224)	-	-	(11,650,394)
Buildings	(149,797,417)	(10,667,727)	-	-	(160,465,144)
Paved Facilities	(137,639,492)	(12,017,002)	-	-	(149,656,494)
Furniture and fixtures	(2,411,307)	(268,145)	-	-	(2,679,452)
Machinery and Equipment	(20,526,659)	(3,166,293)	-	-	(23,692,952)
Total Accumulated Depreciation	(320,615,045)	(27,529,391)	-	-	(348,144,436)
Capital Assets, Net	\$ 428,001,340	\$ 15,956,595	\$ -	\$ -	\$ 443,957,935

	Balance June 30, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 52,864,182	\$ -	\$ -	\$ 316,359	\$ 53,180,541
Construction in progress	62,211,187	24,684,070	-	(28,022,162)	58,873,095
Total Non Depreciable Capital Assets	115,075,369	24,684,070	-	(27,705,803)	112,053,636
Other capital assets:					
Land improvements	19,616,585	7,900	-	969,361	20,593,846
Buildings	315,683,420	1,650,893	111,425	6,989,784	324,435,522
Paved Facilities	236,653,782	(640,805)	212,219	16,428,053	252,653,249
Furniture and fixtures	3,268,393	28,067	7,840	(4,201)	3,300,099
Machinery and Equipment	32,877,576	(679,866)	59,515	3,322,807	35,580,032
Total Other Capital Assets	608,099,756	366,189	390,999	27,705,804	636,562,748
Total Capital Assets	723,175,125	25,050,259	390,999	-	748,616,384
Accumulated depreciation:					
Land improvements	(8,759,034)	(1,481,135)	-	-	(10,240,169)
Buildings	(139,606,547)	(10,079,444)	(111,426)	-	(149,797,417)
Paved Facilities	(125,362,448)	(12,064,824)	(212,220)	-	(137,639,492)
Furniture and fixtures	(2,137,733)	(265,734)	(7,840)	-	(2,411,307)
Machinery and Equipment	(17,321,645)	(3,145,500)	(59,515)	-	(20,526,660)
Total Accumulated Depreciation	(293,187,407)	(27,036,637)	(391,001)	-	(320,615,045)
Capital Assets, Net	\$ 429,987,718	\$ (1,986,378)	\$ -	\$ -	\$ 428,001,339

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS

Changes in long-term obligations for the years ended June 30, 2020 and 2019 consist of:

	Balance			Balance	Current
	6/30/2019	Increase	Decrease	6/30/2020	Maturities
General obligation bonds					
Airport Revenue Bonds:					
Series 2013A Airport Refunding (c)	\$ 15,935,000	\$ -	\$ (2,080,000)	\$ 13,855,000	\$ 2,145,000
Series 2016A Airport Refunding (d)	39,305,000	-	(1,285,000)	38,020,000	1,330,000
Total	55,240,000	-	(3,365,000)	51,875,000	3,475,000
Notes from direct borrowings and direct placements					
Airport Revenue Bonds:					
Series 2001A&B (a)	17,408,581	-	(2,531,648)	14,876,933	2,613,493
PFC Revenue Bonds:					
Series 2016A (e)	1,826,040	-	(1,826,040)	-	-
Series 2016B (e)	1,512,567	-	(1,512,567)	-	-
Total	20,747,188	-	(5,870,255)	14,876,933	2,613,493
Add: Bond premium paid, net	6,866,418	-	(530,615)	6,335,803	-
Total Long-Term Debt	\$ 82,853,606	\$ -	\$ (9,765,870)	\$ 73,087,736	\$ 6,088,493
Loss deferred outflows	\$ (5,497,243)	\$ -	\$ 512,256	\$ (4,984,987)	\$ -
	Balance			Balance	Current
	6/30/2018	Increase	Decrease	6/30/2019	Maturities
General obligation bonds					
Airport Revenue Bonds:					
Series 2008A (b)	\$ 1,245,000	\$ -	\$ (1,245,000)	-	-
Series 2013A Airport Refunding (c)	17,955,000	-	(2,020,000)	15,935,000	2,080,000
Series 2016A Airport Refunding (d)	39,305,000	-	-	39,305,000	1,285,000
Total	58,505,000	-	(3,265,000)	55,240,000	3,365,000
Notes from direct borrowings and direct placements					
Airport Revenue Bonds:					
Series 2001A&B (a)	19,860,944	-	(2,452,363)	17,408,581	2,531,646
PFC Revenue Bonds:					
Series 2016A (e)	3,628,687	-	(1,802,647)	1,826,040	1,826,040
Series 2016B (e)	3,005,758	-	(1,493,191)	1,512,567	1,512,567
Total	26,495,388	-	(5,748,201)	20,747,187	5,870,253
Add: Bond premium paid, net	7,397,033	-	(530,615)	6,866,418	-
Total Long-Term Debt	\$ 92,397,421	\$ -	\$ (9,543,816)	\$ 82,853,605	\$ 9,235,253
Loss deferred outflows	\$ (6,009,498)	\$ -	\$ 512,255	\$ (5,497,243)	\$ -

Capital Region Airport Commission
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Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

The aggregate amount of debt service on long-term debt following June 30, 2020, is as follows:

Long-Term Debt

Year	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Total	
	Revenue		Revenue		Principal	Interest
	Principal	Interest	Principal	Interest		
2021	3,475,000	2,184,876	2,613,494	436,710	6,088,494	2,621,586
2022	3,600,000	2,047,238	2,697,989	352,215	6,297,989	2,399,453
2023	3,635,000	1,881,575	2,785,219	264,985	6,420,219	2,146,560
2024	4,090,000	1,688,450	2,875,271	174,934	6,965,271	1,863,384
2025	4,130,000	1,495,750	2,968,234	81,968	7,098,234	1,577,718
2026-2030	10,950,000	5,938,100	936,726	9,110	11,886,726	5,947,210
2031-2035	11,155,000	3,506,150	-	-	11,155,000	3,506,150
2036-2039	10,840,000	888,800	-	-	10,840,000	888,800
Total	<u>\$ 51,875,000</u>	<u>\$ 19,630,939</u>	<u>\$ 14,876,933</u>	<u>\$ 1,319,922</u>	<u>\$ 66,751,933</u>	<u>\$ 20,950,861</u>

(a) *Airport Revenue Bonds, Series 2001A (Non-AMT) and Series 2001B (AMT)*

On January 30, 2001, the Commission adopted the Sixth Supplemental Bond Resolution Authorizing Airport Revenue Bonds \$26,995,000, Series 2001A (Non-AMT) and \$22,065,000 Airport Revenue Bond, Series 2001B (AMT). The bonds were issued on February 8, 2001 to the Virginia Resources Authority (the "VRA"), which is organized and exists as a public body corporate and a political subdivision of the Commonwealth of Virginia. The VRA has been designated by the Commonwealth of Virginia to direct the distribution of loans from the Virginia Airports Revolving Fund to certain local governments to finance airport infrastructure projects at government-owned facilities.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

(a) Airport Revenue Bonds, Series 2001A (Non-AMT) and Series 2001B (AMT) (continued)

The proceeds of the bonds were used along with other money to finance the construction of a new 1900 space public parking garage, a concourse extension, the refurbishment of the existing terminal and concourses as well as refinance the purchase of 12 acres of land for satellite public parking. Through February 29, 2004, proceeds from the bonds were requisitioned from VRA to reimburse the Commission for the above projects. Beginning March 1, 2004, VRA allowed the remaining 2001A and B proceeds (\$611,756 and \$4,440,957, respectively) to be transferred to SNAP project funds. All of the 2001A and B SNAP project funds have been used as of April 2005. The bonds are dated the date of delivery to the account of VRA and mature on January 1, 2027. The Series 2001A bear interest at 4.36% (Series 2001B at 4.53%) on the unpaid principal from the date of each advance until payment of the entire principal amount.

In November 2010, the Commission approved a resolution for the interest rate reduction agreement of the 2001A and the 2001B Series Bonds issued through the VRA. The bonds were refinanced effective August 23, 2011. The 2001A Series Bonds bear interest at 3.11% and the 2001B Series Bonds bear interest at 3.28%. Total savings in interest over the remaining life of the bonds will be approximately \$2.8 million. The monthly principal and interest payments on the Series 2001A and Series 2001B are respectively \$138,908 and \$115,275.

(b) Airport Revenue Bonds, Series 2008A

The Commission issued Airport Revenue Bonds, Series 2008A on March 27, 2008, in the amount of \$51,310,000. The Series 2008A Bonds are served by an Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984, as amended and supplemented, including a Ninth Supplemental Bond Resolution adopted by the Commission on January 29, 2008. The bonds were issued together with other funds of the Commission to finance in part the costs of construction and equipping a new structured public parking facility of approximately 2,600 spaces and related improvements, to fund a debt service reserve subaccount for the Series 2008A Bonds and to pay certain costs of their issuance.

The Commission adopted on April 26, 2016, to holders of IRS \$51,310,000 Airport Revenue Bonds, Series 2008A (the "2008A Bonds"), that the 2008A Bonds maturing on July 1 in the years 2019 through 2025 and 2031 and 2038 (the "Refunded Bonds"), have been defeased. The fixed rates range from 4% to 5%. For the payment of the principal of and interest on the Refunded Bonds, the Commission has irrevocably deposited in an escrow fund with The Bank of New York Mellon, Woodland Park, New Jersey, certain United States Treasury Obligations, calculated by a firm of certified public accountants to be sufficient to pay accrued interest on the Refunded Bonds from January 1, 2016, to their redemption date, July 1, 2018, and pay on such date the principal amount of such Refunded Bonds. After the final principal payment the Refunded Bonds ceased to bear interest on July 1, 2018.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

(c) Revenue Refunding Bonds, Series 2013A

On April 24, 2013, the Commission issued Airport Revenue Refunding Bonds Series 2013A in the amount of \$21,870,000, secured by an Airport Revenue Bond Resolution adopted by the Commission November 21, 1984, as amended and supplemented, including a Twelfth Supplemental Bond Resolution adopted by the Commission on February 26, 2013. The net proceeds of the bonds were combined with other available resources to establish an irrevocable trust to effectively defease the outstanding principal amount of the 2005A Revenue Bonds maturing on July 1 in the years 2016 through 2025 totaling \$22,955,000. Principal payments are due each year on July 1 starting in 2014 through 2025. Interest on the bonds is payable semi-annually each January 1 and July 1. The estimated net present value savings is \$1,929,000. As a result of the refunding, total debt service payments decreased by \$2,181,934 resulting in an economic gain of \$1,929,376.

(d) Airport Revenue Bonds, Series 2016A

The Commission issued Airport Revenue Refunding Bond Series 2016A on June 1, 2016, in the amount of \$39,305,000. The bonds were issued under and secured by the Airport Revenue Bond Resolution adopted by the Commission on November 21, 1984 (the "Master Resolution"), as amended and supplemented from time to time, including a Thirteenth Supplemental Bond Resolution adopted by the Commission on April 26, 2016 (the "Thirteenth Supplemental Resolution," and together with the Master Resolution, the "Bond Resolution"). The Commission used the net proceeds of the Series 2016A Bonds, together with other funds of the Commission, to refund a portion of its Airport Revenue Bonds, Series 2008A, to fund a debt service reserve subaccount for the Series 2016A Bonds, and to pay certain costs of their issuance. The Series 2016A Bonds bear a variable interest rate from 3% to 5%. Interest is payable on each January 1 and July 1 until maturity or earlier redemption. Principal payments began on July 1, 2019. The Series 2016A Bonds were issued in fully registered form and in denominations of \$5,000 or integral multiples thereof. The reacquisition price exceeded the net carrying amount of the old debt by \$4,329,914. This amount is reported as the deferred charge on refunding and amortized over the remaining life of the refunded debt. The refunding will reduce total debt service payments over 22 years by \$7,192,885, resulting in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$5,358,514.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 5. CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS (continued)

(e) Passenger Facility Charge Revenue Bonds, Series 2016A (AMT) and Series 2016B (Non-AMT)

On June 1, 2016, the Commission issued Passenger Facility Charge Revenue Bonds, Series 2016A (AMT) and Series 2016B (Non-AMT) in the amounts of \$7,165,000 and \$5,935,000, respectively. The Bonds were issued pursuant to Chapter 537 of the Virginia Acts of Assembly of 1975, as continued by Chapter 380 of the Virginia Acts of Assembly of 1980. The Bonds were issued under and are equally and ratably secured by a Master Indenture of Trust dated as of March 1, 2005, as previously supplemented and amended, and as further supplemented by a Second Supplemental Indenture of Trust dated as of May 16, 2016. The Commission has refunded in whole and redeemed in full its Passenger Facility Charge Revenue Bonds, 2005 Series. The purposes of the refunding was to finance or refinance the costs of certain facilities at the Airport. Monthly principal and interest payments on the Series 2016A in the amount of \$153,235 and Series 2016B in the amount of \$126,930 were made July 1, 2016 to June 1, 2020, when the bond matured. The interest on the bonds was at a fixed rate of 1.29%.

(f) Restricted Assets

Certain cash and investments are restricted by bond resolutions for the following purposes:

	2020	2019
Cost of issuance	\$ 134,168	\$ 134,168
Debt service	12,927,000	23,587,518
Equipment and capital outlay	54,184,418	54,351,003
Operation and maintenance	18,915,021	16,557,003
	<u>\$ 86,160,607</u>	<u>\$ 94,629,692</u>

The bond resolutions contain restrictive covenants with respect to incurring additional indebtedness, sale, lease, or encumbrance of property, maintenance of facility, agreements with airlines and other matters common to such bond issues.

The Commission is subject to arbitrage rebate liability in accordance with Section 148(f) of the Internal Revenue Code of 1986, as amended, and the Final U.S. Treasury Regulations 1.148-1 through 1.148-11 issued on June 19, 1993, and amended on May 9, 1997. There was no accrued arbitrage liability for the years ended June 30, 2020 and June 30, 2019.

Note 6. MAJOR CUSTOMERS

Due to the nature of the Commission's operations, the majority of its operating revenues are from several large customers. The operating revenues from two major customers were \$2,607,213 (5.9%) and \$2,356,705 (5.3%) for the year ended June 30, 2020, and \$2,703,961 (5.1%) and \$2,337,846 (4.4%) for the year ended June 30, 2019.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 7. FUTURE RENTAL AND CONCESSION INCOME UNDER OPERATING LEASES

The following is a schedule by years of minimum future rental and concession income under non-cancelable operating leases with tenants and concessionaires as of June 30, 2020:

Fiscal Year	Amount
2021	\$ 11,626,226
2022	2,362,780
2023	2,115,088
2024	1,866,310
2025	2,381,753
2026-2030	2,508,712
2031-2035	132,777
	\$ 22,993,646

The Commission had rental and concession income of \$21,637,881 and \$23,986,491 in 2020 and 2019, respectively, which is included in operating revenues. Rental income is derived from various lease space within the terminal building, other buildings, and the rental of Airport land property. Concession income is derived from various concession agreements from food and beverage, retail sales and rental car companies.

Note 8. PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Commission are automatically covered by a VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

Note 8. PENSION PLAN (continued)

Benefit Structures (continued)

- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 and June 30, 2017 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	2018 Valuation	2017 Valuation
Inactive members or their beneficiaries currently receiving benefits	95	92
Inactive members:		
Vested inactive members	42	35
Non-vested inactive members	96	99
Inactive members active elsewhere in VRS	63	64
Total inactive members	201	198
Active members	187	168
Total covered employees	483	458

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.0% of their compensation toward their retirement.

The Commission's contractually required employer contribution rate for the year ended June 30, 2020 was 8.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The Commission's contractually required employer contribution rate for the year ended June 30, 2019 was 8.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$693,622 and \$695,525 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Commission's net pension liability was measured as of June 30, 2019 and June 30, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuations performed as of June 30, 2018 and June 30, 2017, rolled forward to the measurement date of June 30, 2019 and June 30, 2018.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Commission's Retirement Plan was based on actuarial valuations as of June 30, 2018 and June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019 and June 30, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

**Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – General Employees (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Commission's Retirement Plan was based on actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

**Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

Note 8. PENSION PLAN (continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

Mortality rates:

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related (continued)
Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Commission was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 35,622,064	\$ 34,720,060	\$ 902,004
Changes for the year:			
Service cost	\$ 1,027,458	\$ -	\$ 1,027,458
Interest	2,440,776	-	2,440,776
Assumption changes	1,086,066	-	1,086,066
Differences between expected and actual experience	352,766	-	352,766
Contributions - employer	-	695,507	(695,507)
Contributions - employee	-	427,764	(427,764)
Net investment income	-	2,320,346	(2,320,346)
Benefit payments, including refunds of employer contributions	(1,507,664)	(1,507,664)	-
Administrative expenses	-	(22,798)	22,798
Other changes	-	(1,462)	1,462
Net changes	<u>\$ 3,399,402</u>	<u>\$ 1,911,693</u>	<u>\$ 1,487,709</u>
Balances at June 30, 2019	<u>\$ 39,021,466</u>	<u>\$ 36,631,753</u>	<u>\$ 2,389,713</u>
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 34,410,771	\$ 32,487,480	\$ 1,923,291
Changes for the year:			
Service cost	\$ 951,396	\$ -	\$ 951,396
Interest	2,360,261	-	2,360,261
Benefit changes	402,011	-	402,011
Differences between expected and actual experience	(1,116,875)	-	(1,116,875)
Contributions - employer	-	820,043	(820,043)
Contributions - employee	-	410,902	(410,902)
Net investment income	-	2,409,834	(2,409,834)
Benefit payments, including refunds	(1,385,500)	(1,385,500)	-
Administrative expenses	-	(20,544)	20,544
Other changes	-	(2,155)	2,155
Net changes	<u>\$ 1,211,293</u>	<u>\$ 2,232,580</u>	<u>\$ (1,021,287)</u>
Balances at June 30, 2018	<u>\$ 35,622,064</u>	<u>\$ 34,720,060</u>	<u>\$ 902,004</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Commission using the discount rate of 6.75%, as well as what the Commission's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate. The 2018 share is presented using the discount rate of 7.00% as well as the one percentage point decrease (6.00%) and one percentage point increase of 8.00%.

		Rate		
		1% Decrease	Current Discount	1% Increase
Capital Region Airport Commission	2019	\$ 7,235,731	\$ 2,389,713	\$ (1,489,670)
Net Pension Liability(Asset)	2018	5,358,254	902,004	(2,821,505)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Commission recognized pension expense of \$642,031. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 235,177	\$ 382,089
Change in assumptions	724,044	-
Net difference between projected and actual earnings on pension plan investments	-	315,983
Employer contributions subsequent to the measurement date	<u>693,622</u>	<u>-</u>
Total	<u>\$ 1,652,843</u>	<u>\$ 698,072</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8. PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2019, the Commission recognized pension expense of \$131,705. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 8,713	\$ 898,873
Change in assumptions	-	99,464
Net difference between projected and actual earnings on pension plan investments	-	290,412
Employer contributions subsequent to the measurement date	<u>695,525</u>	<u>-</u>
Total	<u>\$ 704,238</u>	<u>\$ 1,288,749</u>

\$693,622 and \$695,525 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>2020</u>	<u>Year ended June 30</u>	<u>2019</u>
2021	\$ 101,007	2020	\$ (505,360)
2022	150,222	2021	(397,755)
2023	(9,231)	2022	(348,539)
2024	19,151	2023	(28,382)
2025	-	2024	-
Thereafter	-	Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Capital Region Airport Commission
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Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 and June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	2018	2017
	Valuation	Valuation
	<hr/>	<hr/>
Inactive members or their beneficiaries currently receiving benefits	27	0
Inactive members:		
Vested inactive members	0	5
	<hr/>	<hr/>
Total inactive members	27	5
Active members	187	177
	<hr/>	<hr/>
Total covered employees	<u>214</u>	<u>182</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Commission contractually required employer contribution rate for the year ended June 30, 2020 was .21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The Commission contractually required employer contribution rate for the year ended June 30, 2019 was .21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Commission to the HIC Plan were \$18,667 and \$18,732 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The Commission net Health Insurance Credit OPEB liability was measured as of June 30, 2018 and June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2017 and June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018 and June 30, 2017.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018 and June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2019 and June 30, 2018.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality Rates – Non-Largest Ten Locality Employers – General Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return^a
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	88.00%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 150,460	\$ 25,624	\$ 124,836
Changes for the year:			
Service cost	\$ 8,076	\$ -	\$ 8,076
Interest	10,103	-	10,103
Changes of assumptions	7,333	-	7,333
Difference between expected and actual experience	128,810	-	128,810
Contributions - employer	-	18,732	(18,732)
Net investment income	-	1,982	(1,982)
Benefit payments, including refunds of employee contributions	(12,265)	(12,265)	-
Administrative expenses	-	(45)	45
Other changes	-	(2)	2
Net changes	\$ 142,057	\$ 8,402	\$ 133,655
Balances at June 30, 2019	\$ 292,517	\$ 34,026	\$ 258,491

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 142,953	\$ 16,157	\$ 126,796
Changes for the year:			
Service cost	\$ 7,363	\$ -	\$ 7,363
Interest	9,655	-	9,655
Difference between expected and actual experience	533	-	533
Contributions - employer	-	17,946	(17,946)
Net investment income	-	1,611	(1,611)
Benefit payments, including refunds of employee contributions	(10,044)	(10,044)	-
Administrative expenses	-	(46)	46
Other changes	-	-	-
Net changes	\$ 7,507	\$ 9,467	\$ (1,960)
Balances at June 30, 2018	\$ 150,460	\$ 25,624	\$ 124,836

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

Sensitivity of the Commission's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Commission's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Commission's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate. The 2018 share is presented using the discount rate of 7.00% as well as the one percentage point decrease (6.00%) and one percentage point increase of 8.00%.

		Rate		
		1% Decrease	Current Discount	1% Increase
Commission's	2019	\$ 291,017	\$ 258,491	\$ 230,832
Net HIC OPEB Liability	2018	146,195	124,836	106,848

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2020, the Commission recognized HIC Plan OPEB expense of \$35,030. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Commission's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,063	\$ -
Changes of assumptions	6,243	6,535
Net difference between projected and actual earnings on HIC OPEB plan investments	-	251
Employer contributions subsequent to the measurement date	18,667	-
Total	<u>\$ 134,973</u>	<u>\$ 6,786</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 9. HEALTH INSURANCE CREDIT (HIC) PLAN (continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB (continued)

For the year ended June 30, 2019, the Commission recognized HIC Plan OPEB expense of \$14,195. At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Commission's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 463	\$ -
Changes of assumptions	-	7,899
Net difference between projected and actual earnings on HIC OPEB plan investments	-	598
Employer contributions subsequent to the measurement date	<u>18,732</u>	<u>-</u>
Total	<u>\$ 19,195</u>	<u>\$ 8,497</u>

\$18,667 and \$18,732 reported as deferred outflows of resources related to the HIC OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal years ending June 30, 2021 and June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>2020</u>	<u>Year Ended June 30</u>	<u>2019</u>
2021	\$ 18,823	2020	\$ (1,463)
2022	18,823	2021	(1,463)
2023	18,902	2022	(1,463)
2024	18,945	2023	(1,385)
2025	19,221	2024	(1,294)
Thereafter	14,806	Thereafter	(966)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Capital Region Airport Commission
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Note 10. GROUP LIFE INSURANCE (GLI) PLAN

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,473 as of July 30, 2020.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the years ended June 30, 2020 and June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and June 30, 2015, respectively. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the Commission were \$46,504 and \$46,590 for the years ended June 30, 2020 and June 30, 2019, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2020 and June 30, 2019, the entity reported a liability of \$743,661 and \$689,000, respectively for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and June 30, 2018. The total GLI OPEB liability used to calculate the June 30, 2020 Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The Commission's proportion of the Net GLI OPEB Liability was based on the Commission's actuarially determined employer contributions to the GLI Plan for the years ended June 30, 2019 and June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Commission's proportion was .04570% as compared to .04539% at June 30, 2018 and .04295% at June 30, 2017.

For the years ended June 30, 2020 and June 30, 2019, the Commission recognized GLI OPEB expense of \$25,848 and \$13,000, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 49,458	\$ 9,645
Net difference between projected and actual earnings on GLI OPEB plan investments	-	15,275
Change in assumptions	46,950	22,425
Changes in proportion	37,282	-
Employer contributions subsequent to the measurement date	<u>46,504</u>	<u>-</u>
Total	<u>\$ 180,194</u>	<u>\$ 47,345</u>

At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,000	\$ 13,000
Net difference between projected and actual earnings on GLI OPEB plan investments	-	22,000
Change in assumptions	-	29,000
Changes in proportion	41,000	-
Employer contributions subsequent to the measurement date	<u>46,590</u>	<u>-</u>
Total	<u>\$ 121,590</u>	<u>\$ 64,000</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (continued)

\$46,504 and \$46,590 reported as deferred outflows of resources related to the GLI OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal years ending June 30, 2021 and June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>2020</u>	<u>Year Ended June 30</u>	<u>2019</u>
2021	\$ 11,294	2020	\$ (2,000)
2022	11,295	2021	(2,000)
2023	17,764	2022	(2,000)
2024	22,929	2023	2,000
2025	18,547	2024	8,000
Thereafter	4,516	Thereafter	7,000

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018 and June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019 and June 30, 2018. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

Actuarial Assumptions: (continued)

Mortality Rates – Non-Largest Ten Locality Employers-General Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

Actuarial Assumptions: (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	1,762,972
GLI Net OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
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Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the Commission for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
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Note 10. GROUP LIFE INSURANCE (GLI) PLAN (continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the Commission's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate. The 2018 share is presented using the discount rate of 7.00% as well as the one percentage point decrease (6.00%) and one percentage point increase of 8.00%.

		Rate		
		1% Decrease	Current Discount	1% Increase
Commission's proportionate				
share of the GLI Plan	2019 \$	976,965	\$ 743,661	\$ 554,458
Net OPEB Liability	2018	901,000	689,000	517,000

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11. LINE OF DUTY ACT (LODA) PROGRAM

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Capital Region Airport Commission
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Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 and June 30, 2019 was \$705.77 and \$705.77, respectively per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and June 30, 2015, respectively and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$32,465 and \$33,877 for the years ended June 30, 2020 and June 30, 2019, respectively.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2020 and June 30, 2019, the entity reported a liability of \$905,612 and \$735,000, respectively for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and June 30, 2018. The total LODA OPEB liability used to calculate the June 30, 2020 Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the years ended June 30, 2019 and June 30, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was .25241% as compared to .23438% at June 30, 2018 and .20517% at June 30, 2017.

For the years ended June 30, 2020 and June 30, 2019, the entity recognized LODA OPEB expense of \$80,309 and \$59,000, respectively. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 131,630	\$ -
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,793
Change in assumptions	42,492	78,506
Change in proportion	113,873	64,437
Employer contributions subsequent to the measurement date	<u>32,465</u>	<u>-</u>
Total	<u>\$ 320,460</u>	<u>\$ 144,736</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (continued)

At June 30, 2019, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 105,000	\$ -
Net difference between projected and actual earnings on LODA OPEB program investments	-	2,000
Change in assumptions	-	85,000
Change in proportion	75,000	75,000
Employer contributions subsequent to the measurement date	<u>33,877</u>	<u>-</u>
Total	<u>\$ 213,877</u>	<u>\$ 162,000</u>

\$32,465 and \$33,877 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021 and June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>2020</u>	<u>Year Ended June 30</u>	<u>2019</u>
2021	\$ 17,067	2020	\$ 2,000
2022	17,070	2021	2,000
2023	17,348	2022	2,000
2024	17,643	2023	2,000
2025	17,730	2024	2,000
Thereafter	56,401	Thereafter	8,000

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
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Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate:	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Actuarial Assumptions (continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Commission's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net LODA OPEB liability using the 2018 discount rate of 3.50%, as well as what the Commission's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate. The 2018 share is presented using the discount rate of 3.89% as well as the one percentage point decrease (2.89%) and one percentage point increase of (4.89%).

		Discount Rate		
		1% Decrease	Current	1% Increase
Commission's proportionate				
share of the LODA	2019	\$ 1,050,575	\$ 905,612	\$ 790,956
Net OPEB Liability	2018	842,000	735,000	649,000

Sensitivity of the Commission's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the Commission's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the Commission's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate. The 2018 share is presented using the health care trend rate of 7.75% decreasing to 4.75% as well as the one percentage point decrease and one percentage point increase.

		Health Care Trend Rates		
		1% Decrease	Current	1% Increase
Commission's proportionate				
share of the LODA	2019	\$ 765,686	\$ 905,612	\$ 1,082,073
Net OPEB Liability	2018	626,000	735,000	871,000

Note 11. LINE OF DUTY ACT (LODA) PROGRAM (continued)

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP)

Plan Description

Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended, to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). This is a multiple-employer, cost-sharing plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia.

The specific information for the VLDP OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Political Subdivision VLDP was implemented January 1, 2014 to provide benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits. All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision VLDP.

Benefit Amounts

The VLDP provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

The VLDP provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Capital Region Airport Commission
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Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

VLDP Notes

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirements for active hybrid plan employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the years ended June 30, 2020 and June 30, 2019 was 0.72% and 0.72%, respectively of covered employee compensation for employees in the VRS Political Subdivision Employee VDLP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Commission to the VRS Political Subdivision Employee VDLP were \$14,031 and \$12,008 for the years ended June 30, 2020 and June 30, 2019, respectively.

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2020 and June 30, 2019, the Commission reported a liability of \$10,933 and \$5,000, respectively for its proportionate share of the VLDP Net OPEB Liability. The Net VLDP OPEB Liability was measured as of June 30, 2019 and June 30, 2018, respectively. The total VLDP OPEB liability used to calculate the June 30, 2020 Net VLDP OPEB Liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to the measurement date of June 30, 2020. The Commission's proportion of the Net VLDP OPEB Liability was based on the Commission's actuarially determined employer contributions to the VLDP OPEB plan for the years ended June 30, 2019 and June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the Commission's proportion of the VLDP was 0.53970% as compared to 0.59935% at June 30, 2018 and 0.58804% at June 30, 2017.

For the years ended June 30, 2020 and June 30, 2019, the Commission recognized VLDP OPEB expense of \$12,756 and \$10,000, respectively. Since there was a change in proportionate share between measurement dates a portion of the VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

Capital Region Airport Commission
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Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (continued)

At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,484	\$ 336
Net difference between projected and actual earnings on VLDP OPEB program investments	37	-
Change in assumptions	313	418
Changes in proportion	-	459
Employer contributions subsequent to the measurement date	<u>14,031</u>	<u>-</u>
Total	<u>\$ 19,865</u>	<u>\$ 1,213</u>

At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 1,000
Employer contributions subsequent to the measurement date	<u>12,008</u>	<u>-</u>
Total	<u>\$ 12,008</u>	<u>\$ 1,000</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

VLDP OPEB Liabilities, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB: (continued)

\$14,031 and \$12,008 reported as deferred outflows of resources related to the VLDP OPEB resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net VLDP OPEB Liability in the fiscal year ending June 30, 2021 and June 30, 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VLDP OPEB will be recognized in the VLDP OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>2020</u>	<u>Year Ended June 30</u>	<u>2019</u>
2021	\$ 961	2020	\$ (1,000)
2022	954	2021	-
2023	948	2022	-
2024	960	2023	-
2025	923	2024	-
Thereafter	(125)	Thereafter	-

Actuarial Assumptions

The total VLDP OPEB liability for the VLDP was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of program investment expenses including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Actuarial Assumptions (continued)

Mortality Rates – Non-Largest Ten Locality Employers – General and Non-Hazardous Duty Employees:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Net VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee VLDP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Political Subdivision Employee VLDP is as follows (amounts expressed in thousands):

	Political Subdivision VLDP OPEB Plan	
	<hr/>	
Total Political Subdivision VLDP OPEB Liability	\$	3,989
Plan Fiduciary Net Position		1,962
Political Subdivision net VLDP OPEB Liability (Asset)	\$	<u>2,027</u>
Plan Fiduciary Net Position as a Percentage of the		
Total Political Subdivision VLDP OPEB Liability		49.19%

The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the Commission for the VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12. VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) (continued)

Sensitivity of the Commission's Proportionate Share of the VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net VLDP OPEB liability using the discount rate of 6.75%, as well as what the Commission's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate. The 2018 share is presented using the discount rate of 7.00% as well as the one percentage point decrease (6.00%) and one percentage point increase of 8.00%.

		Rate		
		1% Decrease	Current Discount	1% Increase
Commission's				
proportionate share of the	2019 \$	12,573 \$	10,933 \$	9,499
Net VLDP OPEB Liability	2018	5,000	5,000	4,000

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13. PRE-65 MEDICAL PLAN FOR RETIREES

Plan Description

In addition to the benefits provided through VRS, the Commission administers a single-employer defined benefit healthcare plan, The Capital Region Airport Commission Pre-65 Medical Plan for Retirees. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Commission's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits provided to eligible retirees include medical, dental, and vision coverage. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Commission with a minimum of 15 years of continuous service that retire on or after July 1, 2019, are eligible to enroll in Commission sponsored medical plan at full cost of medical plan premiums until retiree reaches age 65. Retirees who have at least 15 years of service credit in VRS and who are participating in an acceptable health insurance plan are eligible for a health insurance credit to assist with the cost of their health insurance premiums. Disabled retirees are eligible for the full credit regardless of their length of service. The health insurance credit payment cannot exceed the amount of the health insurance premium for the retiree-only coverage. The plan does not include a pre-retirement death benefit.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 13. PRE-65 MEDICAL PLAN FOR RETIREES (continued)

Plan Membership

At June 30, 2020 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	\$	180
Total active employees without coverage		-
Total retirees with coverage		-
Total retirees without coverage		-
		<hr/>
Total	\$	<u>180</u>

There were 12 active participants who retired during June 2020. Four elected to continue their health coverage into retirement, with two also electing to cover their dependents. This retirement and election experience is reflected in the Commission's June 30, 2020 total OPEB liability.

Contributions

The Commission does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Commission. The amount paid by the Commission for OPEB as the benefits came due during the year ended June 30, 2020 was \$0.

Total OPEB Liability

The Commission's total OPEB liability was measured as of June 30, 2020. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and projected forward to the measurement date of June 30, 2020. Any significant changes during this period have been reflected as prescribed by GASB 75.

Actuarial Assumptions

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2019
	2.50% per year as of June 30, 2020
Salary Increases	5.35% for 1 year gradually declining to 3.50% for 20 or more years of service for both 2019 and 2020
Discount Rate	3.50% as of June 30, 2019
	2.21% as of June 30, 2020

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 13. PRE-65 MEDICAL PLAN FOR RETIREES: (continued)

Actuarial Assumptions (continued)

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on a RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

The date of the most recent actuarial experience study for which significant assumptions were based covered the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

The Long-Term Expected Rate of Return on OPEB Plan investments is 3.50% as of June 30, 2019 and 2.21% as of June 30, 2020.

Discount Rate

The discount rates are based on the Bond Buyer General Obligation 20-Bond Municipal Index as of their respective measurement dates.

Changes in Total OPEB Liability

	<u>2020</u>
Balances at July 1	\$ 381,841
Changes for the year:	
Service cost	26,651
Interest	14,297
Difference between expected and actual experience	117,207
Changes in assumptions	41,759
Benefit payments	-
Net changes	<u>199,914</u>
Balances at June 30	<u><u>\$ 581,755</u></u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 13. PRE-65 MEDICAL PLAN FOR RETIREES: (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	Rate		
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability			
2020	\$ 626,547	\$ 581,755	\$ 540,578

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.90% decreasing to an ultimate rate of 3.00%) or one percentage point higher (8.90% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

	Rates		
	Healthcare Cost		
	1% Decrease (6.90% decreasing to 3.00%)	Trend (7.90% decreasing to 4.00%)	1% Increase (8.90% decreasing to 5.00%)
Total OPEB Liability			
2020	\$ 517,298	\$ 581,755	\$ 658,604

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Commission recognized OPEB expense in the amount of \$74,066. At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow: of Resources
Differences between expected and actual experience	\$ 92,789	\$ -
Changes in assumptions	33,059	-
Total	<u>\$ 125,848</u>	<u>\$ -</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 13. PRE-65 MEDICAL PLAN FOR RETIREES: (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 33,118
2022	33,118
2023	33,118
2024	26,494
2025	-
Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 14. OPEB PLANS SUMMARY

The below table summarizes the OPEB plans aggregate totals of net OPEB liabilities, deferred outflows of resources, deferred inflows of resources and OPEB expense:

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Total/Net</u> <u>OPEB Liabilities</u>	<u>OPEB</u> <u>Expense</u>
VRS OPEB Plans:				
Health Insurance Credit Program (Note 9)	\$ 134,973	\$ (6,786)	\$ (258,491)	\$ 35,030
Group Life Insurance Program (Note 10)	180,194	(47,345)	(743,661)	25,848
Line of Duty Act Program (Note 11)	320,460	(144,736)	(905,612)	80,309
Virginia Local Disability Program (Note 12)	19,865	(1,213)	(10,933)	12,756
Retiree Medical Plan (Note 13)	125,848	-	(581,755)	74,066
Totals at June 30, 2020	<u>\$ 781,340</u>	<u>\$ (200,080)</u>	<u>\$ (2,500,452)</u>	<u>\$ 228,009</u>
	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>	<u>Net OPEB</u> <u>Liabilities</u>	<u>OPEB</u> <u>Expense</u>
VRS OPEB Plans:				
Health Insurance Credit Program (Note 9)	\$ 19,195	\$ (8,497)	\$ (124,590)	\$ 14,195
Group Life Insurance Program (Note 10)	121,590	(64,000)	(689,000)	13,000
Line of Duty Act Program (Note 11)	213,877	(162,000)	(735,000)	59,000
Virginia Local Disability Program (Note 12)	12,008	(1,000)	(5,000)	10,000
Totals at June 30, 2019	<u>\$ 366,670</u>	<u>\$ (235,497)</u>	<u>\$ (1,553,590)</u>	<u>\$ 96,195</u>

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 15. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2020 and 2019, the Commission entered into various recurring transactions with certain municipalities relating primarily to water and sewer fees, other utilities, roadway maintenance and advertising contracts.

Note 16. DEFERRED COMPENSATION PLAN

The Commission offers an approved deferred compensation plan pursuant to Section 457 of the Internal Revenue Code. All Commission employees are eligible to participate and may defer their gross income not to exceed a maximum of \$19,500 for the year 2020; with participants age 50 and older allowed to defer a maximum of \$26,000. The compensation deferred is not available to employees until termination, retirement, death or an unforeseeable emergency. All plan assets are held in a custodial account for the exclusive benefit of participants and beneficiaries under the Plan. Accordingly, the related assets and liabilities associated with the plan are not reported as part of the Commission's financial information.

Note 17. COMMITMENTS AND CONTINGENCIES

In the normal course of its operations, the Commission has commitments, contingent liabilities, lawsuits and claims. Commission management does not expect that any amount it may have to pay in connection with any of these matters would have a material adverse effect on the financial position of the Commission. As of June 30, 2020, the Commission had construction commitments of approximately \$19.6 million, of which approximately \$9.2 million will be paid from federal and state grants.

Note 18. COVID PANDEMIC

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, which has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. Management is monitoring the situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Commission is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

The Commission saw a sudden and significant reduction in passenger traffic in the last four months of the fiscal year (March – June 2020) which was (80%) lower than the same time period in the previous fiscal year. During July through September of fiscal year 2021, passenger traffic started to increase, but it was still (68%) lower than the same time period in the previous fiscal year. The Commission has continued with the cost cutting measures, implemented in fiscal year 2020, to offset the reduction in operating revenues associated with the loss of passenger traffic. The Commission continued the hiring freeze and the economy lots remain closed, eliminating the expense for shuttle operations and related staffing. Also, the staff reductions achieved in 2020, through early retirement for eligible Commission staff, will remain in place until passenger traffic returns to pre-COVID-19 levels.

Capital Region Airport Commission
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 19. SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through the date the financial statements were available to be issued in connection with the preparation of these financial statements. The following events were noted:

CARES Act Funding

As of October 26, 2020, of the awarded \$18.8 million in federal CARES Act grant funding the Commission has received \$15.8 million in reimbursements for operating and debt service expenses.

Extension to the Existing Airline Agreements

In September 2020, the Commission entered into a two-year extension of the existing airline agreement with the signatory airlines. As part of the extension agreement, the Commission agreed to issue advanced credits, on a monthly basis, for the estimated fiscal year 2021 rates and charges adjustment related to the operating expense reimbursement portion of the CARES Act funds applicable to fiscal year 2021. The total estimated credits to the signatory airlines was \$2.5 million. The agreement allows for an adjustment to the actual amount of credit due after the end of the fiscal year.

MAG Abatement Credits

Within the Commission's concession agreements with rental car, food and beverage and retail sales vendors, there are some provisions that require MAG (minimum annual guarantee) abatements when certain criteria have been met in relation to decreases in passenger traffic. The COVID-19 pandemic and the related reduction in passenger traffic has triggered these MAG adjustment provisions. The Commission issued \$1.2 million in MAG adjustment credits in the months of July through October 2020.



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REQUIRED SUPPLEMENTARY INFORMATION

Capital Region Airport Commission
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
VRS PENSION PLAN
Measurement Dates of June 30, 2014 through June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 1,027,458	\$ 951,396	\$ 914,853	\$ 947,517	\$ 867,611	\$ 870,607
Interest	2,440,776	2,360,261	2,289,579	2,166,414	2,103,636	1,980,695
Changes in benefit terms	-	402,011	-	-	-	-
Differences between expected and actual experience	352,766	(1,116,875)	(470,663)	139,420	(733,014)	-
Changes in assumptions	1,086,066	-	(313,362)	-	-	-
Benefit payments	<u>(1,507,664)</u>	<u>(1,385,500)</u>	<u>(1,435,808)</u>	<u>(1,551,901)</u>	<u>(1,130,913)</u>	<u>(1,059,085)</u>
Net change in total pension liability	\$ 3,399,402	\$ 1,211,293	\$ 984,599	\$ 1,701,450	\$ 1,107,320	\$ 1,792,217
Total pension liability - beginning	<u>35,622,064</u>	<u>34,410,771</u>	<u>33,426,172</u>	<u>31,724,722</u>	<u>30,617,402</u>	<u>28,825,185</u>
Total pension liability - ending (a)	<u>\$ 39,021,466</u>	<u>\$ 35,622,064</u>	<u>\$ 34,410,771</u>	<u>\$ 33,426,172</u>	<u>\$ 31,724,722</u>	<u>\$ 30,617,402</u>
Plan fiduciary net position						
Contributions - employer	\$ 695,507	\$ 820,043	\$ 725,003	\$ 823,513	\$ 818,481	\$ 831,532
Contributions - employee	427,764	410,902	379,833	387,582	378,639	366,404
Net investment income	2,320,346	2,409,834	3,564,329	508,986	1,284,659	3,798,506
Benefit payments	(1,507,664)	(1,385,500)	(1,435,808)	(1,551,901)	(1,130,913)	(1,059,085)
Administrative expense	(22,798)	(20,544)	(20,502)	(18,229)	(17,267)	(20,146)
Other	<u>(1,462)</u>	<u>(2,155)</u>	<u>(3,175)</u>	<u>(215)</u>	<u>(271)</u>	<u>200</u>
Net change in plan fiduciary net position	\$ 1,911,693	\$ 2,232,580	\$ 3,209,680	\$ 149,736	\$ 1,333,328	\$ 3,917,411
Plan fiduciary net position - beginning	<u>34,720,060</u>	<u>32,487,480</u>	<u>29,277,800</u>	<u>29,128,064</u>	<u>27,794,736</u>	<u>23,877,325</u>
Plan fiduciary net position - ending (b)	<u>\$ 36,631,753</u>	<u>\$ 34,720,060</u>	<u>\$ 32,487,480</u>	<u>\$ 29,277,800</u>	<u>\$ 29,128,064</u>	<u>\$ 27,794,736</u>
Commission's net pension liability (asset) - ending (a) - (b)	\$ 2,389,713	\$ 902,004	\$ 1,923,291	\$ 4,148,372	\$ 2,596,658	\$ 2,822,666
Plan fiduciary net position as a percentage of the total pension liability	93.88%	97.47%	94.41%	87.59%	91.82%	90.78%
Covered payroll	\$ 8,888,823	\$ 8,509,044	\$ 7,819,559	\$ 7,318,266	\$ 7,739,286	\$ 7,327,589
Commission's net pension liability (asset) as a percentage of covered payroll	26.88%	10.60%	24.60%	56.69%	33.55%	38.52%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VRS PENSION PLAN
Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 693,622	\$ 693,622	\$ -	\$ 8,889,384	7.80%
2019	695,525	695,525	-	8,888,823	7.82%
2018	837,690	837,690	-	8,509,044	9.84%
2017	740,837	740,837	-	7,819,559	9.47%
2016	810,132	810,132	-	7,318,266	11.07%
2015	856,739	856,739	-	7,739,286	11.07%
2014	831,381	831,681	-	7,327,589	11.35%
2013	805,152	805,152	-	7,093,850	11.35%
2012	533,974	533,974	-	6,759,167	7.90%
2011	522,388	522,388	-	6,612,509	7.90%

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VRS PENSION PLAN
Year Ended June 30, 2020
Changes of Benefit Terms

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non-10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Capital Region Airport Commission
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
VRS HEALTH INSURANCE CREDIT (HIC) PROGRAM
Measurement Dates of June 30, 2017 through 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability			
Service cost	\$ 8,076	\$ 7,363	\$ 7,515
Interest	10,103	9,655	9,551
Differences between expected and actual experience	128,810	533	-
Changes in assumptions	7,333	-	(10,627)
Benefit payments	(12,265)	(10,044)	117
Net change in total HIC OPEB liability	<u>\$ 142,057</u>	<u>\$ 7,507</u>	<u>\$ 6,556</u>
Total HIC OPEB Liability - beginning	<u>150,460</u>	<u>142,953</u>	<u>136,397</u>
Total HIC OPEB Liability - ending (a)	<u><u>\$ 292,517</u></u>	<u><u>\$ 150,460</u></u>	<u><u>\$ 142,953</u></u>
Plan fiduciary net position			
Contributions - employer	\$ 18,732	\$ 17,946	\$ 15,147
Net investment income	1,982	1,611	928
Benefit payments	(12,265)	(10,044)	117
Administrative expense	(45)	(46)	(35)
Other	(2)	-	-
Net change in plan fiduciary net position	<u>\$ 8,402</u>	<u>\$ 9,467</u>	<u>\$ 16,157</u>
Plan fiduciary net position - beginning	<u>25,624</u>	<u>16,157</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 34,026</u></u>	<u><u>\$ 25,624</u></u>	<u><u>\$ 16,157</u></u>
Commission's net HIC OPEB liability - ending (a) - (b)	\$ 258,491	\$ 124,836	\$ 126,796
Plan fiduciary net position as a percentage of the total HIC OPEB liability	11.63%	17.03%	11.30%
Covered payroll	\$ 8,920,207	\$ 8,545,428	\$ 7,196,592
Commission's net HIC OPEB liability as a percentage of covered payroll	2.90%	1.46%	1.76%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Capital Region Airport Commission
SCHEDULE OF COMMISSION'S SHARE OF NET OPEB LIABILITY
VRS COST SHARING PLANS
Years Ended June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (3)	Employer's Covered Payroll* (4)	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll* (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (6)
Group Life Insurance (GLI) Plan					
2019	0.04570%	\$ 743,661	\$ 8,959,555	8.30%	52.00%
2018	0.04539%	689,000	8,637,145	7.98%	51.22%
2017	0.04295%	647,000	7,921,717	8.17%	48.86%
Line of Duty Act (LODA) Program					
2019	0.25241%	\$ 905,612	\$ 2,677,315	33.83%	0.79%
2018	0.23438%	735,000	2,446,312	30.05%	0.60%
2017	0.20517%	539,000	2,136,055	25.23%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

In fiscal year 2020, LODA covered-employee payroll was recalculated for all years presented to include law enforcement, who also receive these benefits.

Virginia Local Disability Program (VLDP)					
2019	0.53970%	\$ 10,933	\$ 1,667,813	0.66%	49.19%
2018	0.59935%	5,000	1,455,262	0.34%	51.39%
2017	0.58804%	3,000	1,094,433	0.27%	38.40%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VRS OPEB PLANS
Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll* (4)	Contributions as a % of Covered Payroll* (5)
Health Insurance Credit (HIC) Plan					
2020	\$ 18,667	\$ 18,667	\$ -	\$ 8,889,384	0.21%
2019	18,732	18,732	-	8,920,207	0.21%
2018	17,946	17,946	-	8,545,428	0.21%
2017	15,147	15,147	-	7,196,592	0.21%

Schedule is intended to show information for 10 years. HIC participation was effective August 1, 2016 therefore no prior information. However, additional years will be included as they become available.

Group Life Insurance (GLI) Plan					
2020	\$ 46,504	\$ 46,504	\$ -	\$ 8,930,161	0.52%
2019	46,590	46,590	-	8,959,555	0.52%
2018	44,885	44,885	-	8,637,145	0.52%
2017	41,192	41,192	-	7,921,717	0.52%
2016	36,527	36,527	-	7,605,435	0.48%
2015	35,963	35,963	-	7,484,696	0.48%
2014	35,464	35,464	-	7,386,518	0.48%
2013	37,597	37,597	-	7,093,850	0.53%
2012	18,926	18,926	-	6,759,167	0.28%
2011	18,515	18,515	-	6,612,509	0.28%

Line of Duty Act (LODA) Program					
2020	\$ 32,465	\$ 32,465	\$ -	\$ 2,590,710	1.25%
2019	33,877	33,877	-	2,677,315	1.27%
2018	24,964	24,964	-	2,446,312	1.02%
2017	22,000	22,000	-	2,136,055	1.03%
2016	23,348	23,348	-	1,845,002	1.27%
2015	20,754	20,754	-	2,233,608	0.93%
2014	22,445	22,445	-	2,005,827	1.12%
2013	18,966	18,966	-	2,013,820	0.94%
2012	10,057	10,057	-	1,808,133	0.56%
2011	N/A	N/A	N/A	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions.

In fiscal year 2020, LODA covered-employee payroll was recalculated for all years presented to include law enforcement, who also receive these benefits.

Capital Region Airport Commission
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VRS OPEB PLANS
Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll* (4)	Contributions as a % of Covered Payroll* (5)
Virginia Local Disability Program (VLDP)					
2020	\$ 14,031	\$ 14,031	\$ -	1,951,422	0.72%
2019	12,008	12,008	-	1,667,813	0.72%
2018	8,732	8,732	-	1,455,262	0.60%
2017	6,570	6,570	-	1,094,433	0.60%
2016	4,019	4,019	-	669,772	0.60%
2015	1,944	1,944	-	323,953	0.60%
2014	88	88	-	14,635	0.60%

Schedule is intended to show information for 10 years. The Commission did not participate in the program until the new hybrid retirement plan in 2014.

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
VRS OPEB PLANS
Year Ended June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Health Insurance Credit (HIC), Group Life Insurance (GLI), and Virginia Local Disability Program (VLDP) Plans

Non-Largest Ten Locality Employers - General Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Line of Duty Act (LODA) Program

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Capital Region Airport Commission
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS
PRE-65 MEDICAL PLAN FOR RETIREES
Measurement Date of June 30, 2020

	<u>2020</u>
Total OPEB liability	
Service cost	\$ 26,651
Interest	14,297
Differences between expected and actual experience	117,207
Changes in assumptions	41,759
Benefit payments	-
Net change in total OPEB liability	<u>\$ 199,914</u>
Total OPEB liability - beginning	<u>381,841</u>
Total OPEB liability - ending	<u><u>\$ 581,755</u></u>
Covered-employee payroll	\$ 8,780,176
Commission's total OPEB liability (asset) as a percentage of covered-employee payroll	6.63%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Capital Region Airport Commission
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PRE-65 MEDICAL PLAN FOR RETIREES
Year Ended June 30, 2020

Valuation Date: 1/1/2019
Measurement Date: 6/30/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2019; 2.21% as of June 30, 2020
Inflation	2.50% per year as of June 30, 2019; 2.50% per year as of June 30, 2020
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.90% in 2019 and gradually declines to 4.00% by the year 2074.
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Disability Rates	25% of disability cases are assumed to be service related for general employees and 35% for public safety employees.
Mortality Rates - General Employees	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement Mortality Rates: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.
Mortality Rates - Public Safety Employees	Pre-Retirement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year. 35% of deaths are assumed to be service related. Post-Retirement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years. Post-Disablement Mortality Rates: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.



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SUPPLEMENTAL INFORMATION

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES
Years Ended June 30, 2020 and 2019

	2020	2019
Parking Income		
Terminal	\$ 13,727,337	\$ 18,054,134
Economy and shuttle	3,354,739	4,572,153
Valet	459,065	633,290
Parking meter and violations	19,646	28,545
	<u>17,560,787</u>	<u>23,288,122</u>
Landing Fees		
Major	1,974,548	1,956,534
Regional	1,192,810	1,571,782
Scheduled freighter	795,755	703,758
Other	104,070	435,041
	<u>4,067,183</u>	<u>4,667,115</u>
Concession Income		
Rental car	4,934,892	6,564,922
Food and Beverage	1,464,316	1,664,137
Ground Transportation Fees	862,295	1,202,941
In/flight Catering/Equip Clean	9,408	18,076
Retail sales	1,455,232	1,908,114
Off Airport Concession Fees	52,021	78,622
Terminal Building Advertising	1,221,351	1,262,256
Fuel Flowage Fee	134,630	179,120
Other	30,636	37,846
	<u>10,164,781</u>	<u>12,916,034</u>
Rental Income		
Airline terminal	7,266,742	6,957,771
Land	1,222,157	1,135,405
Other buildings	2,984,202	2,977,281
	<u>11,473,101</u>	<u>11,070,457</u>
Apron Fees	<u>756,057</u>	<u>759,106</u>
Other		
Utilities	129,437	128,467
Other	217,042	262,969
	<u>346,479</u>	<u>391,436</u>
Total	\$ 44,368,388	\$ 53,092,270

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES
Years Ended June 30, 2020 and 2019

	2020	2019
Personnel		
Salaries		
Regular	\$ 9,968,694	\$ 9,522,067
Overtime	364,051	561,986
Fringe benefits		
Payroll taxes	764,199	733,945
Group insurance, life and health	1,883,900	1,919,699
Retirement & disability	705,013	202,527
Other	180,953	68,255
	<u>13,866,810</u>	<u>13,008,479</u>
Utilities		
Electricity	2,196,158	2,320,478
Heating fuel	132,303	177,867
Telephone	117,818	117,692
Water and sewer	270,641	294,309
	<u>2,716,920</u>	<u>2,910,346</u>
Professional Services		
Legal and accounting	805,258	614,239
Consulting services	495,185	472,074
Marketing and promotion	722,294	663,125
	<u>2,022,737</u>	<u>1,749,438</u>
Parking		
Terminal	2,126,000	2,172,767
Economy and shuttle	1,832,291	1,985,414
	<u>3,958,291</u>	<u>4,158,181</u>
Maintenance		
Building	807,993	694,362
Equipment	607,765	628,822
Other	618,375	652,343
	<u>2,034,133</u>	<u>1,975,527</u>
Insurance	755,919	764,300
Supplies	567,275	596,828
Other		
Conference and travel	67,966	69,878
Snow removal	6,751	133,565
Other	704,183	526,403
	<u>778,900</u>	<u>729,846</u>
Total	\$ 26,700,985	\$ 25,892,945

Capital Region Airport Commission
SCHEDULE OF OPERATING REVENUES, BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budget	Actual	Variance with Budget Positive (Negative)
Parking Income			
Terminal	\$ 18,040,710	\$ 13,727,337	\$ (4,313,373)
Economy and shuttle	3,832,400	3,354,739	(477,661)
Valet	673,400	459,065	(214,335)
Parking meter and violations	27,100	19,646	(7,454)
	22,573,610	17,560,787	(5,012,823)
Landing Fees			
Major	1,950,513	1,974,548	24,035
Regional	1,585,143	1,192,810	(392,333)
Scheduled freighter	787,324	795,755	8,431
Other	255,220	104,070	(151,150)
	4,578,200	4,067,183	(511,017)
Concession			
Rental car	6,620,700	4,934,892	(1,685,808)
Food and beverage	1,715,200	1,464,316	(250,884)
Ground transportation fees	1,199,600	862,295	(337,305)
In-flight catering, etc.	18,700	9,408	(9,292)
Retail sales	1,664,700	1,455,232	(209,468)
Off airport concession fees	78,800	52,021	(26,779)
Terminal advertising	1,300,000	1,221,351	(78,649)
Fuel flowage fees	183,400	134,630	(48,770)
Other	34,200	30,636	(3,564)
	12,815,300	10,164,781	(2,650,519)
Rental Income			
Airline terminal	7,312,587	7,266,742	(45,845)
Land	1,234,684	1,222,157	(12,527)
Other buildings	2,910,282	2,984,202	73,920
	11,457,553	11,473,101	15,548
Apron Fees			
	665,630	756,057	90,427
Other			
Utilities	134,300	129,437	(4,863)
Other	338,100	217,042	(121,058)
	472,400	346,479	(125,921)
Total	\$ 52,562,693	\$ 44,368,388	\$ (8,194,305)

Capital Region Airport Commission
SCHEDULE OF OPERATING EXPENSES, BUDGET AND ACTUAL
Year Ended June 30, 2020

	Budget	Actual	Variance with Budget Positive (Negative)
Personnel			
Salaries			
Regular	\$ 10,142,629	\$ 9,968,694	\$ 173,935
Overtime	407,500	364,051	43,449
Fringe benefits			
Payroll taxes	804,418	764,199	40,219
Group insurance, life and health	1,852,732	1,883,900	(31,168)
Retirement & disability	825,173	705,013	120,160
Other personnel expense	85,900	180,953	(95,053)
	14,118,352	13,866,810	251,542
Utilities			
Electricity	2,358,000	2,196,158	161,842
Mobile Units	47,000	46,475	525
Heating fuel	196,200	132,303	63,897
Telephone	72,750	71,343	1,407
Water and sewer	395,000	270,641	124,359
	3,068,950	2,716,920	352,030
Professional Services			
Legal and accounting	612,000	805,258	(193,258)
Consulting services	522,000	495,185	26,815
Marketing and promotion	692,750	722,294	(29,544)
	1,826,750	2,022,737	(195,987)
Parking			
Terminal	2,167,501	2,126,000	41,501
Economy and shuttle	2,660,000	1,832,291	827,709
	4,827,501	3,958,291	869,210
Maintenance			
Building	720,000	807,993	(87,993)
Equipment	662,475	607,765	54,710
Other	615,501	618,375	(2,874)
	1,997,976	2,034,133	(36,157)
Insurance	790,000	755,919	34,081
Supplies	709,050	567,275	141,775
Other			
Conference and travel	113,300	67,966	45,334
Snow removal	150,000	6,751	143,249
Other	521,920	704,183	(182,263)
	785,220	778,900	6,320
Total	\$ 28,123,799	\$ 26,700,985	\$ 1,422,814

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2020

	2016 Bonds						
	Revenue		Equipment	Operation and	Operation and	Subordinated	Surplus
	Account	Debt Service	and Capital Outlay Account	Maintenance Account	Maintenance Reserve Account	Indebtedness Fund	Account
BEGINNING BALANCE	\$ -	\$ 5,815,589	\$ 54,351,003	\$ 6,667,108	\$ 2,155,133	\$ 67,057	\$ 5,503,226
RECEIPTS							
Deposits from Commission	45,931,177	-	-	-	-	-	-
Deposits from Commission-collections	-	-	-	-	-	-	-
Gain (loss) on sale of investments	-	-	-	-	-	-	-
Interest earned	-	-	-	-	30,000	-	28,545
	45,931,177	-	-	-	30,000	-	28,545
DISBURSEMENTS							
Disbursements to Commission	-	-	-	26,512,079	-	-	1,981,118
Principal curtailment on long-term debt	-	-	-	-	-	-	-
Interest payments on long-term debt	-	-	-	-	-	-	-
Disbursements to others	-	8,723,805	9,732,640	-	-	-	-
	-	8,723,805	9,732,640	26,512,079	-	-	1,981,118
TRANSFERS							
Transfer of interest earned to revenue account	-	395	-	-	-	-	-
Transfer of deposited revenue to designated accounts per resolution	(45,931,177)	8,772,924	9,566,054	28,159,257	264,900	-	200,000
Discount (premium) amortized on bonds held as an investment	-	-	-	-	(426)	-	-
	(45,931,177)	8,773,319	9,566,054	28,159,257	264,474	-	200,000
ENDING BALANCE	\$ -	\$ 5,865,103	\$ 54,184,417	\$ 8,314,286	\$ 2,449,607	\$ 67,057	\$ 3,750,653

Note: The Operation and Maintenance Account for the 2016 Bonds is available to support operations and is included in unrestricted assets. The Surplus Account may be used for any legal purpose of the Commission and is also included in unrestricted assets. The remaining \$86,156,716 is reflected as restricted assets.

Capital Region Airport Commission
SCHEDULE OF TRANSACTIONS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2020

2013 Rev Bonds		2016 Rev Bonds		PFC Bonds	CFC Bonds	
Debt Service Reserve		Debt Service Reserve		Cost of Issuance	General Purpose Fund	General Purpose Fund
						Total
\$ 2,651,585	\$ 3,087,253	\$ 134,168	\$ 11,966,034	\$ 14,401,870	\$ 106,800,026	
-	-	-	-	-	45,931,177	
-	-	-	8,567,800	2,439,500	11,007,300	
29,459	(9,762)	-	-	-	19,697	
35,226	67,413	-	13,500	184,287	358,971	
64,685	57,651	-	8,581,300	2,623,787	57,317,146	
-	-	-	16,052,183	441,683	44,987,063	
-	-	-	3,338,309	-	3,338,309	
-	-	-	23,672	-	23,672	
-	-	-	-	-	18,456,445	
-	-	-	19,414,164	441,683	66,805,489	
-	-	-	-	-	395	
-	-	-	-	(118,560)	913,398	
3,241	(6,637)	-	-	-	(3,821)	
3,241	(6,637)	-	-	(118,560)	909,972	
\$ 2,719,511	\$ 3,138,268	\$ 134,168	\$ 1,133,170	\$ 16,465,414	\$ 98,221,655	

Capital Region Airport Commission
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS
IN ACCOUNTS CREATED BY BOND RESOLUTIONS
Year Ended June 30, 2020

Account	Description	Interest Rate	Cash, Cash Equivalents and Investments
2016 Bonds			
Bond account-debt service	Money market fund	0.0	\$ 5,865,103
Equipment and capital outlay	Money market fund	0.0	54,184,418
Operation and maintenance account	Cash deposits	1.0	8,314,286
Operation and maintenance reserve	Money market fund	0.0	1,698,968
Operation and maintenance reserve	Municipal obligation	4.0	751,650
Subordinated indebtedness	Money market fund	1.0	67,058
Surplus, issuer discretionary	Cash deposits	1.0	3,750,652
			<u>74,632,135</u>
2013 Rev Bonds			
Debt service reserve	Federal obligations	1.0	2,716,286
Debt service reserve	Money Market Fund	1.0	3,804
			<u>2,720,090</u>
2016 Rev Bonds			
Debt service reserve	Federal obligations	2.0	3,132,515
Debt service reserve	Money Market Fund	0.0	8,054
Cost of Issuance	Money Market Fund	0.0	134,168
			<u>3,274,737</u>
PFC Bonds			
General purpose fund	Money market fund	0.0	1,133,170
			<u>1,133,170</u>
CFC Bonds			
General purpose fund	Money market fund	0.0	16,465,415
			<u>16,465,415</u>
			<u>\$ 98,225,547</u>

Summary of cash, cash equivalents and investments created by bond resolution are included in the statements of net position as follows:

Current assets:	
Cash and cash equivalents	\$ 12,064,939
Restricted assets:	
Cash and cash equivalents	79,560,157
Investments	6,600,451
	<u>\$ 98,225,547</u>

Note: Includes fair market value adjustment of \$3,891.

Capital Region Airport Commission
SCHEDULE OF STATE ENTITLEMENT FUNDS
Year Ended June 30, 2020

State Entitlement Funding For Open Projects Prior Periods	\$ 5,678,318	
Less: Prior Period Expenditures	<u>3,480,990</u>	
Begining Balance Open Projects Prior Periods		<u>2,197,328</u>
FY 2020 Project Funding	2,169,263	
Less: FY 2020 Expenditures	<u>1,438,610</u>	
State Entitlement Funds Balance 6/30/2020		<u>\$ 2,927,981</u>





Now you're going places.

STATISTICAL SECTION

**Capital Region Airport Commission
Statistical Section**

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Now you're going places.

Capital Region Airport Commission
NET POSITION AND CHANGES IN NET POSITION
Ten Years Ended June 30, 2020
(dollars in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating revenues										
Apron fees	\$ 756	\$ 759	\$ 648	\$ 558	\$ 562	\$ 574	\$ 601	\$ 588	\$ 638	\$ 624
Concession	10,165	12,916	11,105	10,478	9,518	9,254	8,264	7,956	7,863	7,152
Landing fees	4,067	4,667	4,023	3,462	3,338	3,218	2,885	2,855	3,007	2,976
Other	346	391	315	284	317	268	315	258	181	166
Parking	17,561	23,288	20,821	20,292	20,009	19,617	18,424	17,799	17,959	18,320
Rental	11,473	11,071	10,892	10,244	10,119	10,151	10,034	9,936	9,476	9,630
Total operating revenues	44,368	53,092	47,804	45,318	43,863	43,082	40,523	39,392	39,124	38,868
Nonoperating revenues										
Customer Facility Charges	1,921	2,508	2,324	2,326	3,975	3,314	525	975	1,716	1,511
Interest income	1,284	1,523	626	206	143	128	187	136	198	250
State grant revenue	67	-	-	-	-	-	-	-	-	-
Federal grant revenue	5,432	-	-	-	-	-	-	-	-	-
Passenger Facility Charges	6,473	8,940	7,876	7,518	7,022	7,063	6,790	6,589	6,571	6,829
Total nonoperating revenues	15,177	12,971	10,826	10,050	11,140	10,505	7,502	7,700	8,485	8,590
Total Revenues	59,545	66,063	58,630	55,368	55,003	53,587	48,025	47,092	47,609	47,458
Operating expenses										
Depreciation	27,529	27,036	24,426	23,400	24,063	22,825	22,195	21,222	20,609	19,644
Insurance	756	764	747	710	745	849	844	848	669	798
Maintenance	2,034	1,976	1,677	1,726	1,527	1,556	1,541	1,651	1,464	1,539
Other	779	730	633	619	445	543	573	408	369	558
Parking	3,958	4,158	3,949	3,291	3,044	3,034	2,876	2,912	3,052	3,019
Personnel	13,867	13,009	12,457	11,293	10,470	10,534	10,224	10,279	9,484	9,173
Professional services	2,023	1,749	1,672	1,752	1,615	1,748	1,450	1,223	1,384	1,658
Supplies	567	597	602	588	590	724	692	763	806	686
Utilities	2,717	2,910	2,774	2,602	2,503	2,586	2,524	2,537	2,509	2,348
Total operating expenses	54,230	52,929	48,937	45,981	45,002	44,399	42,919	41,843	40,346	39,423
Nonoperating expenses										
Interest expense	2,783	3,033	2,564	2,758	2,625	4,065	3,556	4,557	5,193	5,580
Other, net	8	(136)	95	478	599	488	682	992	3,170	861
Airline rates and charges adjustment	2,435	-	-	-	-	-	-	-	-	-
Total nonoperating expenses	5,226	2,897	2,659	3,236	3,224	4,553	4,238	5,549	8,363	6,441
Total Expenses	59,456	55,826	51,596	49,217	48,226	48,952	47,157	47,392	48,709	45,864
Capital grants and contributions	9,841	8,785	6,681	11,136	16,295	14,830	13,439	12,660	9,825	5,594
Increase (decrease) in Net Position	\$ 9,930	\$ 19,022	\$ 13,715	\$ 17,287	\$ 23,072	\$ 19,465	\$ 14,307	\$ 12,360	\$ 8,725	\$ 7,188
Net Position at Year-End										
Net Investment in capital assets	\$ 381,713	\$ 356,384	\$ 349,515	\$ 345,759	\$ 328,487	\$ 297,177	\$ 284,350	\$ 282,629	\$ 272,217	\$ 268,968
Restricted	72,086	88,258	75,610	73,773	72,742	83,867	74,244	66,011	60,776	56,480
Unrestricted	18,331	17,940	18,434	11,777	12,794	9,908	17,010	12,658	15,945	14,765
Total Net Position	\$ 472,130	\$ 462,582	\$ 443,559	\$ 431,309	\$ 414,023	\$ 390,952	\$ 375,604	\$ 361,298	\$ 348,938	\$ 340,213

Fiscal year 2013 balances have been restated to reflect the requirements of a change in GAAP.

Fiscal year 2014 balances were not restated to reflect GASB 68 implementation in FY2015.

Fiscal year 2017 SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

Fiscal year 2017 balances were not restated to reflect GASB 75 implementation in FY2018.

Fiscal year 2019 balances were not restated to reflect the new retiree medical plan valued in FY2020.

Capital Region Airport Commission
PRINCIPAL REVENUE SOURCES AND REVENUES PER ENPLANED PASSENGER
Ten Years Ended June 30, 2020
(dollars in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airline revenues										
Landing fees	\$ 4,067	\$ 4,667	\$ 4,023	\$ 3,462	\$ 3,338	\$ 3,218	\$ 2,885	\$ 2,855	\$ 3,007	\$ 2,976
Apron fees	756	759	648	558	562	574	601	588	638	624
Total airline revenues	4,823	5,426	4,671	4,020	3,900	3,792	3,486	3,443	3,645	3,600
Percentage of total revenues	8.1%	8.2%	8.0%	7.3%	7.1%	7.1%	7.3%	7.3%	7.7%	7.6%
Nonairline revenues										
Parking	17,561	23,288	20,821	20,292	20,009	19,617	18,424	17,799	17,959	18,320
Rental	11,473	11,071	10,892	10,244	10,119	10,151	10,034	9,936	9,476	9,630
Concession	10,165	12,916	11,105	10,478	9,518	9,254	8,264	7,956	7,863	7,152
Other	346	391	315	284	317	268	315	258	181	166
Total nonairline revenues	39,545	47,666	43,133	41,298	39,963	39,290	37,037	35,949	35,479	35,268
Percentage of total revenues	66.4%	72.2%	73.6%	74.6%	72.7%	73.3%	77.1%	76.3%	74.5%	74.3%
Nonoperating revenues										
Passenger Facility Charges	6,473	8,940	7,876	7,518	7,022	7,063	6,790	6,589	6,571	6,829
Customer Facility Charges	1,921	2,508	2,324	2,325	3,975	3,314	525	975	1,716	1,511
Interest Income	1,284	1,523	626	206	143	128	187	136	198	250
State grant revenue	67	-	-	-	-	-	-	-	-	-
Federal grant revenue	5,432	-	-	-	-	-	-	-	-	-
Total nonoperating revenues	15,177	12,971	10,826	10,049	11,140	10,505	7,502	7,700	8,485	8,590
Percentage of total revenues	25.5%	19.6%	18.5%	18.1%	20.3%	19.6%	15.6%	16.4%	17.8%	18.1%
Total revenues	<u>\$ 59,545</u>	<u>\$ 66,063</u>	<u>\$ 58,630</u>	<u>\$ 55,367</u>	<u>\$ 55,003</u>	<u>\$ 53,587</u>	<u>\$ 48,025</u>	<u>\$ 47,092</u>	<u>\$ 47,609</u>	<u>\$ 47,458</u>
Enplaned passengers (excluding charters)										
	1,570,317	2,090,430	1,887,230	1,763,939	1,744,438	1,706,272	1,627,469	1,581,348	1,595,180	1,640,642
Total revenue per enplaned passengers	\$ 37.92	\$ 31.60	\$ 31.07	\$ 31.39	\$ 31.53	\$ 31.41	\$ 29.51	\$ 29.78	\$ 29.85	\$ 28.93

Note: Fiscal year 2017 SCASDP funds not included in this schedule. The Commission was the administrator for this Federal Grant program and no Commission funds were used.

Fiscal year 2020 federal grant revenue represents the \$5.4 million CARES Act funding.

Capital Region Airport Commission
LARGEST OWN-SOURCE REVENUE
Ten Years Ended June 30, 2020

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Parking:										
Terminal	\$ 13,727,337	\$ 18,054,134	\$ 16,142,803	\$ 15,781,372	\$ 15,559,847	\$ 15,194,814	\$ 14,258,972	\$ 13,785,664	\$ 13,931,741	\$ 14,256,654
Economy and shuttle	3,354,740	4,572,154	4,078,927	3,899,428	3,862,348	3,845,567	3,610,259	3,481,463	3,474,623	3,493,000
Valet	459,065	633,290	584,400	581,778	576,964	572,467	549,864	525,664	546,265	562,929
Parking meter and violations	19,646	28,545	14,559	29,194	9,443	4,454	4,824	5,596	6,311	7,888
	<u>\$ 17,560,787</u>	<u>\$ 23,288,122</u>	<u>\$ 20,820,688</u>	<u>\$ 20,291,772</u>	<u>\$ 20,008,602</u>	<u>\$ 19,617,302</u>	<u>\$ 18,423,919</u>	<u>\$ 17,798,387</u>	<u>\$ 17,958,940</u>	<u>\$ 18,320,471</u>

LARGEST OWN-SOURCE REVENUE RATES
Ten Years Ended June 30, 2020

	2020		2019		2018		2017		2016		2015		2014		2013		2012		2011	
	Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum		Maximum	
	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day	Hourly	Per Day
Lot																				
Garage/long-term	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12	\$ 3	\$ 12
Short-term hourly	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24	2	24
Economy A	2	7	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6
Economy B	2	7	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6
Economy C	2	7	2	7	2	7	2	7	2	7	2	7	2	7	1	7	2	7	2	6
Valet	N/A	21	N/A	21	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20	N/A	20

Note: Rates are subject to change during year. Public parking is the only source of parking revenue.
 In April 2020 the rate was reduced to \$10.

REVENUE RATES
Ten Years Ended June 30, 2020

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Apron fees (per square foot)	\$1.13	\$1.17	\$1.14	\$1.10	\$1.11	\$1.16	\$1.23	\$1.23	\$1.21	\$1.21
Landing Fees (per 1,000 lbs unit)	1.52	1.38	1.34	1.32	1.32	1.26	1.26	1.23	1.24	1.19
Terminal Rental (square foot)	37.72	37.12	35.10	32.81	32.48	36.11	35.84	35.12	34.19	34.17

Capital Region Airport Commission
REVENUE BOND COVERAGE
Ten Years Ended June 30, 2020

Fiscal Year	Revenue	Expense	Net Revenue Available	Debt Service on Bonds	Debt Service	Coverage	
						Debt Service on Bonds	Debt Service
2020	\$45,027,780	\$25,658,407	\$19,369,373	\$ 8,772,929	\$14,130,059	2.21	1.37
2019	54,238,186	25,489,367	28,748,819	8,784,679	15,028,679	3.27	1.91
2018	47,107,174	26,684,371	20,422,803	8,815,280	16,401,780	2.32	1.25
2017	44,393,303	23,725,872	20,667,431	8,842,830	16,429,330	2.34	1.26
2016	44,388,482	19,387,414	25,001,068	9,107,280	15,159,280	2.75	1.65
2015	41,520,397	21,164,337	20,356,060	8,997,379	13,489,704	2.26	1.51
2014	40,671,411	20,203,214	20,468,197	10,176,079	14,165,679	2.01	1.44
2013	37,911,029	20,871,776	17,039,253	10,036,138	13,831,834	1.70	1.23
2012	38,501,617	18,978,548	19,523,070	10,393,706	14,400,706	1.88	1.36
2011	38,252,195	19,373,169	18,879,026	10,611,131	14,687,131	1.78	1.29

Note: The amounts above are determined in accordance with applicable provisions of the Commission's Master Revenue Bond Resolution (the "Resolution"). Revenue and expense as reported in the statements of revenues, expenses and net position have been adjusted as required by the Resolution. Pursuant to the Resolution, debt service on bonds include only debt service on airport revenue bonds increased by a multiple of 1.00 times, whereas, debt service includes debt service on all debt and certain deposits required to be made by the Resolution.

Capital Region Airport Commission
OUTSTANDING DEBT
Ten Years Ended June 30, 2020
(dollars in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Airport Revenue Bonds:										
Series 2001 A&B	\$ 14,877	\$ 17,409	\$ 19,861	\$ 22,236	\$ 24,537	\$ 26,767	\$ 28,926	\$ 31,018	\$ 33,044	\$ 34,962
Series 2004 A	-	-	-	-	-	-	2,130	4,155	6,085	7,920
Series 2005 A	-	-	-	-	-	1,680	2,195	2,695	26,130	26,595
Series 2008 A	-	-	1,245	2,445	3,590	46,405	47,455	48,470	49,450	50,395
Series 2013 A	13,855	15,935	17,955	19,940	21,780	21,825	21,870	21,870	-	-
Series 2016 A	38,020	39,305	39,305	39,305	39,305	-	-	-	-	-
PFC Revenue Bonds:										
Series 2005 A	-	-	-	-	-	13,475	14,220	14,935	15,625	16,295
Series 2005 B	-	-	-	-	-	15,435	18,410	19,005	19,580	20,135
Series 2016 A	-	1,826	3,629	5,408	7,165	-	-	-	-	-
Series 2016 B	-	1,513	3,006	4,480	5,935	-	-	-	-	-
Car Rental Garage Revenue Bond	-	-	-	-	-	1,230	2,380	2,380	2,380	5,400
Line of Credit	-	-	-	-	-	339	-	-	-	-
	66,752	75,988	85,001	93,814	102,312	127,156	137,586	144,528	152,294	161,702
Add: Bond premium, net	6,336	6,866	7,397	7,928	8,328	2,585	2,711	3,049	866	1,031
Less: Debt issuance costs, net	-	-	-	-	-	-	-	-	-	(4,022)
Total Long-Term Debt	\$ 73,088	\$ 82,854	\$ 92,398	\$ 101,742	\$ 110,640	\$ 129,741	\$ 140,297	\$ 147,577	\$ 153,160	\$ 158,711
Enplaned passengers (excluding charters)	1,570	2,090	1,887	1,764	1,744	1,706	1,627	1,581	1,595	1,641
Total Long-Term Debt per enplaned passenger	\$46.55	\$39.64	\$48.97	\$57.68	\$63.44	\$76.05	\$86.23	\$93.34	\$96.03	\$96.72

Under GASB 65, deferred financing costs, which were previously amortized over the life of the debt, are recognized as an outflow of resources in the period incurred.

Accordingly this table has been restated for 2013 and 2012.

**Capital Region Airport Commission
MAJOR CUSTOMERS**

Year Ended June 30, 2020			Year Ended June 30, 2011		
Company	Revenue	Percent of Operating Revenue	Company	Revenue	Percent of Operating Revenue
Delta Airlines, Inc.	\$ 2,607,213	5.9%	Delta Airlines, Inc.	\$ 1,888,392	4.9%
American Airlines, Inc.	2,356,705	5.3	US Airways, Inc.	1,415,761	3.6
Delaware North Company	1,622,911	3.7	The Hertz Corporation	1,403,750	3.6
The Hudson Group	1,490,466	3.4	Federal Bureau of Investigations	1,184,556	3.0
Federal Bureau of Investigations	1,355,583	3.1	National / Alamo Rent A Car, Inc.	1,018,735	2.6

**ENPLANEMENT TRENDS
RICHMOND, SMALL HUBS, UNITED STATES
Ten Years Ended June 30, 2020**

Year	Annual Percent Change in Enplanements		
	Richmond	Small Hubs	United States
2020	(24.5%)	N/A	(24.4%)
2019	11.5	8.0	4.6
2018	6.6	7.3	4.1
2017	2.1	4.6	2.7
2016	2.8	3.3	5.3
2015	5.2	1.1	3.7
2014	2.9	5.8	2.7
2013	(0.9)	0.9	0.5
2012	(2.6)	6.3	0.6
2011	0.1	(10.0)	1.3

Notes: Calendar year data except for 2020, which is fiscal year data.
As defined by the FAA, a small hub enplanes .05 to .249 percent of the total U.S. passengers.

Sources: Bureau of Transportation Statistics, Research and Innovative Technology Administration (RITA),
TranStats, Airport Records

N/A: Not available

Capital Region Airport Commission
ENPLANED PASSENGERS
Ten Years Ended June 30, 2020

	Share of		Share of		2018	2017	2016	2015	2014	2013	2012	2011
	2020	Total 2020	2019	Total 2019								
Major Airlines												
AirTran Airways	-	-	-	-	-	-	-	-	155,199	155,937	151,031	147,825
American Airlines	247,585	15.3	332,083	15.5	252,754	272,104	219,704	108,253	117,787	111,183	118,303	121,523
American Eagle Airlines	-	-	-	-	-	-	-	-	58,949	72,417	79,021	84,255
Continental Airlines	-	-	-	-	-	-	-	-	-	-	79,032	124,349
Delta Airlines	327,700	20.3	438,633	20.5	414,231	410,604	401,455	370,744	344,697	337,549	324,690	310,789
JetBlue Airways	160,897	10.0	237,812	11.1	230,124	207,612	187,185	171,310	136,659	124,539	116,545	129,566
Southwest Airlines	102,178	6.3	120,796	5.6	122,807	125,335	151,463	167,187	-	-	-	-
Spirit Airlines	68,314	4.2	93,206	4.4	24,262	-	-	-	-	-	-	-
United Airlines	39,120	2.4	62,261	2.9	70,026	43,740	39,778	38,130	38,153	33,371	32,079	38,844
US Airways	-	-	-	-	-	-	57,687	139,603	130,968	103,197	95,599	88,912
Total Major Airlines	945,794	58.5	1,284,791	60.0	1,114,204	1,059,395	1,057,272	995,227	982,412	938,193	996,300	1,046,063
Regional Airlines												
Air Canada	-	-	-	-	-	-	-	-	-	4,927	6,157	6,731
Air Wisconsin	23,267	1.4	27,364	1.3	34,161	21,604	66,503	121,014	105,583	81,501	144,638	152,087
Atlantic Southeast	-	-	-	-	-	-	-	-	-	-	934	863
Chautauqua	-	-	-	-	-	-	-	26,477	57,868	62,224	35,495	35,387
ComAir/Delta Connection	-	-	-	-	-	-	-	-	-	3,771	24,032	52,216
CommutAir	43,403	2.7	51,759	2.4	43,385	23,705	35,082	13,726	-	-	-	-
Compass	-	-	-	-	-	-	-	-	-	-	7,215	22,176
Endeavor Airlines	61,309	3.8	98,072	4.6	54,254	28,123	5,098	16,833	42,411	83,652	81,623	47,595
Envoy Air	69,669	4.3	85,037	4.0	72,643	70,052	71,254	60,180	-	-	-	-
Express Jet	48,263	3.0	76,470	3.6	242,721	267,564	262,672	256,926	262,836	208,385	121,025	20,233
GoJet	18,788	1.2	46,012	2.2	15,774	9,256	8,453	30,595	26,971	39,594	29,123	27,863
Mesa	30,989	1.9	40,485	1.9	7,775	12,660	743	56,278	82,056	74,682	54,432	45,278
Mesaba	-	-	-	-	-	-	-	-	-	-	7,514	6,374
Piedmont	56,418	3.5	80,154	3.7	66,394	63,006	31,007	13,512	17,502	33,126	6,652	9,994
PSA	58,173	3.6	69,917	3.3	110,510	74,469	71,017	44,100	7,571	23,800	23,556	34,118
Republic	86,143	5.3	59,943	2.8	69,375	38,029	36,604	15,183	1,556	2,926	26,983	53,192
Shuttle America	-	-	-	-	150	8,389	39,822	16,023	2,063	2,981	62	2,418
SkyWest	127,951	7.9	165,860	7.7	39,929	39,273	17,723	-	62	88	653	-
Trans States	150	0.0	4,566	0.2	15,955	48,414	41,188	40,198	38,578	21,498	28,786	78,054
Total Regional Airlines	624,523	38.6	805,639	37.5	773,026	704,544	687,166	711,045	645,057	643,155	598,880	594,579
Charters	46,684	2.9	52,410	2.5	35,198	40,306	23,086	12,439	5,567	5,861	6,136	3,820
Totals	1,617,001	100.0%	2,142,840	100.0%	1,922,428	1,804,245	1,767,524	1,718,711	1,633,036	1,587,209	1,601,316	1,644,462

Capital Region Airport Commission
AIRLINE MARKET SHARES
Ten Years Ended June 30, 2020
Landed Weight (1,000 Pound Units)

	Share of		Share of		2018	2017	2016	2015	2014	2013	2012	2011
	2020	Total 2020	2019	Total 2019								
Major Airlines												
AirTran Airways	-	-	-	-	-	-	-	15,704	148,664	181,656	184,792	172,888
American Airlines	320,696	15.4	383,848	15.0	301,507	328,171	259,580	114,970	130,534	128,100	135,298	137,264
American Eagle Airlines	-	-	-	-	-	-	-	-	69,609	76,148	83,748	91,333
Continental Airlines	-	-	-	-	-	-	-	-	-	-	1,667	1,447
Delta Airlines	373,038	17.9	475,892	18.6	452,206	444,476	430,890	409,299	392,582	398,489	405,770	380,426
JetBlue Airways	217,475	10.5	300,362	11.7	276,795	235,580	216,026	194,685	163,062	145,116	136,127	158,826
Southwest Airlines	144,400	6.9	136,102	5.3	138,757	136,222	166,260	165,408	29,702	-	-	-
Spirit Airlines	81,035	3.9	102,976	4.0	29,728	-	-	-	-	-	-	-
United Airlines	52,999	2.5	79,427	3.1	80,874	47,746	47,261	51,035	53,118	47,791	48,130	68,335
US Airways	-	-	-	-	-	-	77,352	180,410	170,405	137,273	143,046	134,919
Total Major Airlines	1,189,643	57.1	1,478,607	57.7	1,279,867	1,192,195	1,197,369	1,131,511	1,157,676	1,114,573	1,138,578	1,145,438
Regional Airlines												
Aero Mexico	-	-	-	-	-	-	-	864	968	-	-	-
Air Canada	-	-	-	-	-	-	-	-	-	8,516	9,562	9,982
Air Wisconsin	27,495	1.3	29,751	1.2	38,681	29,610	109,745	152,092	128,968	97,854	197,400	196,413
Allegiant Airlines	48,477	2.3	47,646	1.9	29,750	35,993	20,955	6,559	279	1,850	2,503	4,082
Atlantic Southeast	-	-	-	-	-	-	-	-	-	-	1,513	1,798
Bahamair	-	-	-	-	-	-	-	992	1,488	2,736	1,872	-
Chautauqua	-	-	-	-	-	-	-	30,167	71,845	76,163	43,783	43,104
ComAir/Delta Connection	-	-	-	-	-	-	-	-	-	4,376	29,061	65,644
CommutAir	47,916	2.3	51,392	2.0	51,080	28,344	39,652	16,113	-	-	-	-
Compass Airlines	-	-	-	-	-	-	-	-	-	-	-	33,412
Endeavor Air	95,491	4.6	141,379	5.5	72,562	37,884	7,128	27,736	-	-	-	-
Envoy Air	93,490	4.5	118,528	4.6	94,466	83,990	71,730	66,104	-	-	-	-
Express Jet	59,649	2.9	90,133	3.5	310,580	354,876	345,343	333,068	332,115	240,983	235,324	166,404
Freedom Airlines	-	-	-	-	-	-	-	-	-	-	-	3,783
GoJet Airlines	28,766	1.4	60,054	2.3	19,519	10,734	10,275	50,920	45,359	60,300	39,463	35,376
Interjet Vacation Express	-	-	-	-	-	-	852	1,846	-	-	-	-
Mesa Airlines	36,563	1.8	50,403	2.0	9,703	22,565	7,217	61,380	90,807	82,489	60,772	43,112
Mesaba Airlines	-	-	-	-	-	-	-	-	-	-	9,008	9,750
OneJet	-	-	-	-	3,095	1,870	-	-	-	-	-	-
Piedmont Airlines	70,233	3.4	91,359	3.6	73,808	75,303	43,986	16,524	21,545	39,585	9,144	12,551
Pinnacle Airlines	-	-	-	-	-	-	-	-	58,568	108,779	111,078	63,867
PSA Airlines	70,253	3.4	86,384	3.4	127,768	85,437	102,572	51,981	9,461	26,661	26,119	37,372
Republic Airlines	151,171	7.3	87,893	3.4	98,799	46,440	65,928	19,207	3,326	3,292	33,453	63,270
Shuttle America	-	-	-	-	364	10,998	49,746	20,697	4,906	5,998	220	3,962
SkyWest Airlines	161,036	7.7	221,202	8.7	46,619	42,465	19,953	181	134	94	913	-
Trans States Airlines	298	-	4,730	0.2	18,574	54,985	188,926	43,545	44,934	27,375	45,259	86,794
Vision Airlines	-	-	-	-	-	-	-	-	-	-	932	-
Total Regional Airlines	890,838	42.9	1,080,854	42.3	995,368	921,494	1,084,008	899,976	814,703	787,051	857,379	880,676
Total Airline Weight	2,080,481	100.0%	2,559,461	100.0%	2,275,235	2,113,689	2,281,377	2,031,487	1,972,379	1,901,624	1,995,957	2,026,114

Capital Region Airport Commission
AIRLINE MARKET SHARES-CARGO
Ten Years Ended June 30, 2020
Landed Weight (1,000 Pound Units)

	2020	Share of Total 2020	2019	Share of Total 2019	2018	2017	2016	2015	2014	2013	2012	2011
Cargo Carriers												
ABX Air	283,000	0.1	-	-	849,000	-	-	-	-	-	-	-
AirNet Systems	-	-	-	-	-	-	-	662,300	3,303,100	3,131,300	2,995,000	4,589,800
Ameriflight	-	-	-	-	620,300	2,261,600	2,913,276	4,019,194	4,091,288	876,794	806,000	803,600
DHL Express	82,048,000	15.6	66,912,000	13.1	71,536,000	43,248,000	-	-	-	-	-	-
Federal Express	215,817,400	41.1	221,335,000	43.4	227,030,800	228,513,000	231,232,500	224,045,300	217,493,600	200,056,200	175,671,800	174,001,400
Mountain Air Cargo	-	-	-	-	-	-	47,068	-	47,068	8,500	17,000	125,480
Sun Country	1,901,900	0.3	-	-	-	-	-	-	-	-	-	-
UPS	225,374,720	42.9	221,722,240	43.5	217,636,800	198,852,800	184,282,160	179,381,040	176,286,160	174,765,520	178,608,000	177,643,760
Total Cargo Weight	525,425,020	100.0%	509,969,240	100.0%	517,672,900	472,875,400	418,475,004	408,107,834	401,221,216	378,838,314	358,097,800	357,164,040
Total Landed Weight	527,505,501		512,528,701		519,948,135	474,989,089	420,756,381	410,139,321	403,193,595	380,739,938	360,093,757	359,190,153

Capital Region Airport Commission
PRIMARY ORIGIN AND DESTINATIONS PASSENGER MARKETS
Calendar Years 2019 and 2018

2019

Rank	Market	Trip Length	O&D Passengers
1	New York/Newark	SH	293,072
2	Orlando	MH	291,297
3	Atlanta	SH	285,488
4	Boston	SH	283,881
5	Fort Lauderdale	MH	195,429
6	Chicago	MH	171,001
7	Dallas/Fort Worth	MH	132,683
8	Tampa	MH	96,051
9	Denver	MH	94,433
10	Houston	MH	82,987
11	Los Angeles	LH	81,841
12	Nashville	SH	79,797
13	Las Vegas	LH	76,332
14	Miami	MH	70,144
15	San Francisco	LH	68,383
16	Minneapolis/St Paul	MH	63,430
17	Phoenix	LH	60,678
18	Detroit	MH	56,639
19	Charlotte	SH	55,742
20	New Orleans	MH	52,503
21	Seattle/Tacoma	LH	51,575
22	Austin	MH	50,540
23	San Diego	LH	49,720
24	San Antonio	MH	43,576
25	Salt Lake City	LH	37,748
Total			2,824,970

2018

Rank	Market	Trip Length	O&D Passengers
1	Boston	SH	285,811
2	Atlanta	SH	274,861
3	Orlando	MH	259,402
4	New York/Newark	SH	252,079
5	Fort Lauderdale	MH	175,968
6	Chicago	MH	163,892
7	Dallas/Fort Worth	MH	125,053
8	Tampa	MH	88,513
9	Denver	MH	88,332
10	Los Angeles	LH	86,276
11	Houston	MH	75,163
12	Las Vegas	LH	73,869
13	San Francisco	LH	68,872
14	Nashville	SH	61,568
15	Minneapolis/St Paul	MH	61,288
16	Miami	MH	58,606
17	Phoenix	LH	55,605
18	Austin	MH	52,631
19	Detroit	MH	52,157
20	New Orleans	MH	52,019
21	Seattle/Tacoma	LH	51,354
22	Charlotte	SH	50,839
23	San Diego	LH	49,385
24	San Antonio	MH	39,867
25	Philadelphia	SH	39,811
Total			2,643,221

**Capital Region Airport Commission
POPULATION IN THE AIR TRADE AREA
Calendar Years 2016-2019**

Primary Trade Area	CALENDAR YEAR				Percentage Change		
	2019	2018	2017	2016	2018	2017	2016
	2019	2018	2017	2016	2019	2018	2017
United States	328,239,523	327,167,434	325,719,178	323,127,513	0.3	0.4	0.8
Virginia total	8,535,519	8,517,685	8,470,020	8,411,808	0.2	0.6	0.7
Richmond MSA*	1,370,148	1,359,801	1,346,878	1,333,755	0.8	1.0	1.0
Richmond-Petersburg MSA	1,243,423	1,234,211	1,222,642	1,210,779	0.7	0.9	1.0
Richmond City	230,436	228,783	227,032	223,170	0.7	0.8	1.7
Henrico County	330,818	329,261	327,898	326,501	0.5	0.4	0.4
Chesterfield County	352,802	348,556	343,599	339,009	1.2	1.4	1.4
Hanover County	107,766	107,239	105,923	104,392	0.5	1.2	1.5
Petersburg City	31,346	31,567	31,750	31,882	(0.7)	(0.6)	(0.4)
Hopewell City	22,529	22,596	22,621	22,735	(0.3)	(0.1)	(0.5)
Colonial Heights City	17,370	17,833	17,830	17,772	(2.6)	0.0	0.3
Charles City County	6,963	6,941	7,004	7,071	0.3	(0.9)	(0.9)
Dinwiddie County	28,544	28,529	28,208	28,144	0.1	1.1	0.2
Goochland County	23,753	23,244	22,685	22,668	2.2	2.5	0.1
New Kent County	23,091	22,391	21,682	21,147	3.1	3.3	2.5
Powhatan County	29,652	29,189	28,601	28,443	1.6	2.1	0.6
Prince George County	38,353	38,082	37,809	37,845	0.7	0.7	(0.1)
Amelia County	13,145	13,013	13,020	12,913	1.0	(0.1)	0.8
Caroline County	30,725	30,772	30,461	30,178	(0.2)	1.0	0.9
Cumberland County	9,932	9,809	9,811	9,652	1.3	0.0	1.6
King and Queen County	7,025	7,042	7,003	7,159	(0.2)	0.6	(2.2)
King William County	17,148	16,939	16,708	16,334	1.2	1.4	2.3
Louisa County	37,591	36,778	35,860	35,236	2.2	2.6	1.8
Sussex County	11,159	11,237	11,373	11,504	(0.7)	(1.2)	(1.1)

Sources: Estimates by Census Bureau, July 2020

*February 2013 Office of Management and Budget (OMB) metropolitan definition

Capital Region Airport Commission
PERSONAL INCOME
Calendar Years 2009-2018

Millions of Dollars	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
United States	\$17,813,035	\$16,878,800	\$15,912,777	\$15,463,981	\$14,683,147	\$14,151,427	\$13,729,063	\$12,949,905	\$12,353,577	\$12,168,161
Virginia	492,313	466,743	445,462	436,350	419,185	403,425	396,005	373,312	355,193	347,284
Richmond-Petersburg MSA	73,485	70,660	66,245	64,152	59,326	57,452	55,678	54,641	52,004	50,966
Annual growth rate	4.7%	6.7%	2.3%	5.1%	3.6%	1.9%	4.1%	5.8%	3.0%	(2.0%)

Note: 2018 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 24, 2020

PER CAPITA INCOME
Calendar Years 2009-2018

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
United States	\$54,526	\$51,869	\$49,204	\$48,190	\$46,049	\$44,765	\$43,735	\$41,560	\$39,937	\$39,635
Virginia	57,910	55,137	52,941	52,148	50,345	48,838	48,377	46,107	44,267	44,057
Richmond-Petersburg MSA	57,301	51,475	51,685	50,460	47,083	46,118	45,194	43,046	41,260	41,161
Percent of national average	105.1%	99.2%	105.0%	104.7%	102.2%	103.0%	103.3%	103.6%	103.3%	103.9%

Note: 2018 is the most recent year available.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, March 24, 2020

**Capital Region Airport Commission
EMPLOYMENT DATA WITHIN VIRGINIA**

Major Public Employers	Average Number of Employees
Local Governments	55,900
Commonwealth of Virginia	39,400
Federal Government	17,600

Source: Virginia Employment Commission, Current Employment Statistics Program, 2019 Annual Averages

**EMPLOYMENT BY INDUSTRY
(Non-Agricultural)**

	Annual Average		Percent Change	Percent Total	
	2019	2009	2009	2019	2009
Total Employment	686,700	595,200	15.4%	100.0%	100.0%
By Industry:					
Government	112,900	110,300	2.4	16.4	18.5
Wholesale and retail trade	94,000	90,600	9.4	13.7	15.2
Manufacturing	31,700	32,800	(3.4)	4.6	5.5
Financial activities	53,000	42,700	24.1	7.7	7.2
Construction and mining	40,300	34,600	16.5	5.9	5.8
Transportation and utilities	27,800	17,500	58.9	4.0	2.9
Information	7,000	10,100	(30.7)	1.0	1.7
Professional and business services	118,800	92,200	28.9	17.3	15.5
Educational and health services	101,800	82,900	22.8	14.8	13.9
Leisure and hospitality services	67,000	51,400	30.4	9.8	8.6
Other services	32,500	30,000	8.3	4.7	5.0

Source: Virginia Employment Commission, Current Employment Statistics Program

**UNEMPLOYMENT RATES
Calendar Years 2010-2019**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
United States	3.7%	3.9%	4.4%	4.9%	5.3%	6.2%	7.4%	8.1%	8.9%	9.8%
Virginia	2.8	3.0	3.8	4.0	4.4	5.2	5.5	5.9	6.2	6.9
Richmond-Petersburg MSA	2.9	3.2	3.9	4.1	4.6	5.5	5.9	6.4	6.9	7.7

Source: Virginia Employment Commission, Local Area Unemployment Statistics Program.

Capital Region Airport Commission
COMMISSION EMPLOYEES
Ten Years Ended June 30, 2020

	Full Time Equivalent Employees									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police	29	32	29	27	27	27	25	27	23	29
Communications/ Operations	16	20	21	20	15	12	12	12	12	8
Aircraft Rescues & Fire Fighting	15	18	17	18	15	17	16	18	18	18
Custodial Services	41	48	47	48	45	46	45	47	45	47
Utilities/Ground Maintenance	13	18	18	16	15	14	15	15	16	15
Equipment/Automotive Maintenance	5	6	6	6	6	6	6	5	5	5
Building Maintenance	2	2	2	2	2	2	2	2	2	2
Electronic Systems	3	5	5	5	4	4	4	4	4	4
HVAC	3	3	3	3	3	3	3	3	3	3
Electrical Maintenance	3	3	3	2	2	2	2	2	2	2
Finance and Administrative Services	9	9	8	9	9	9	7	8	8	8
Ground Transportation	1	1	1	1	1	1	1	1	1	1
Information Systems	3	3	3	3	3	3	3	3	3	3
Executive/Marketing	7	9	9	9	9	9	9	9	9	9
Baggage System	9	11	11	11	11	11	11	11	11	10
Total Employees	159	188	183	180	167	166	161	167	162	164

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. Several departments have been reclassified which resulted in variances.

Capital Region Airport Commission
CARGO CARRIER
Period Ended June 30, 2020

	Pounds of Cargo									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Cargo Carrier:										
Air Net Systems	-	-	-	6,750,000	-	129,870	613,886	552,764	656,162	761,196
AmeriFlight	-	440,000	420,255	480,772	149,181	750,667	1,386,840	226,225	212,165	223,434
DHL	7,523,013	7,890,000	7,890,000	-	-	-	-	-	-	-
Federal Express	75,012,020	80,914,220	79,247,203	82,317,990	74,625,547	68,943,364	67,509,310	71,588,803	59,848,214	59,712,374
Sun Country	695,505	-	-	-	-	-	-	-	-	-
UPS	53,422,006	49,409,333	49,024,371	45,916,736	46,726,830	44,995,819	43,024,627	41,578,577	39,683,396	23,780,038
Total	136,652,544	138,653,553	136,581,829	135,465,498	121,501,558	114,819,720	112,534,663	113,946,369	100,399,937	84,477,042
Percentage change	(1.4%)	1.5%	0.8%	11.5%	5.8%	2.0%	(1.2%)	13.5%	18.8%	3.3%

TAKEOFF AND LANDING OPERATIONS SUMMARY
Ten Years Ended June 30, 2020

Fiscal Year	Air Carrier	Air Taxi/ Commuter	General Aviation	Military	Total
2020	38,411	18,327	28,547	4,712	89,997
2019	45,671	23,090	30,556	4,786	104,103
2018	41,729	22,935	28,729	5,923	99,316
2017	36,942	24,922	26,380	5,327	93,571
2016	34,998	27,478	28,418	6,433	97,327
2015	34,671	30,013	30,298	7,351	102,333
2014	31,530	34,078	24,586	5,579	95,773
2013	27,551	38,219	24,976	6,747	97,493
2012	24,557	43,032	26,092	6,276	99,957
2011	26,474	42,894	28,577	8,405	106,350
Average Annual Change	4.2%	(7.9%)	0.4%	(4.3%)	(1.5%)

Capital Region Airport Commission
INSURANCE COVERAGE
Year Ended June 30, 2020

Type/Carrier	Coverage	Limit
Airport liability/ACE/ Lloyd's	Public liability including aircraft products/completed operations	\$100,000,000
Automobile liability/Great Northern Insurance Co.	Bodily injury or property damage resulting from ownership maintenance or use of any automobile	\$1,000,000 combined single limit bodily injury and property damage
	Excess auto liability (off premises)	\$50,000,000
Workers' compensation and employer's liability/Amtrust	Worker's compensation	Statutory and \$1,000,000 employer's liability
	Excess employees liability (excluding disease)	\$100,000,000
Public officials and employer's liability/Virginia State Public Officials self-insurance pool	Civil claims for wrongful acts	\$1,000,000 each loss unlimited aggregate \$3,500 deductible
Property/Great Northern Insurance Co.	Blanket real and personal property including business income and personal property of others	\$494,280,107 blanket real and personal property including EDP, mobile radios and valuable papers \$35,000,000 business income
Equipment/Great Northern Insurance	Scheduled equipment	\$3,088,774 scheduled equipment \$300,000 miscellaneous equipment \$100,000 unscheduled equipment \$100,000 leased/rental equipment \$100,000 newly acquired equipment
Blanket crime/Federal Insurance Company	Employee dishonesty Employee Theft ERISA Forgery & Alteration Inside Outside Computer Fraud	\$1,000,000 limit/\$2,500 deductible

Note: The insurance coverage was provided by USI Insurance Services, with exception of Public Officials policy.

Capital Region Airport Commission
CAPITAL ASSET INFORMATION
As of June 30, 2020

Richmond International Airport

Location:	6 miles east of downtown Richmond, the capital of Virginia		
Elevation:	168 ft.		
Airport Code:	RIC		
Runways:	16/34	North/South	9,000 x 150 HIRL/CL/TDZ/VOR
	2/20	North/South	6,600 x 150 HIRL
	7/25	East/West	5,300 x 100 HIRL
Terminal:	Airlines		185,391 SF
	Tenants		42,953 SF
	Public/common		105,760 SF
	Mechanical		49,785 SF
	Other		168,078 SF
	Number of passenger gates		22
	Number of loading bridges		22
	Number of concessionaires in terminal		2
	Number of rental car agencies in terminal		9
Apron:	Leased:		457,806 SF
Ramp:	Leased:		21,949 SF
Parking:	Spaces assigned:	Garage	6,548
		Short-term	280
		Long-term	0
		Economy	3,640
		Rental cars	490
		Employees	600
International:	Customs/Immigration Federal Inspection Service Facility		
Tower:	TRACON 24/7-365		
FBOs	Million Air, Richmond Jet Center, Aero Industries		



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COMPLIANCE SECTION

Capital Region Airport Commission
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Grantor's Program Title	CFDA Number	Number	Expenditures
Department of Transportation:			
FAA Direct Payments:			
Airport Improvement Program	20.106	3-51-0043-62	\$ 888,616
	20.106	3-51-0043-63	360,621
	20.106	3-51-0043-65	328,370
	20.106	3-51-0043-66	<u>1,197,795</u>
Total Airport Improvement Program			\$ 2,775,402
Department of Justice:			
Equitable Sharing Agreement			
Asset Forfeiture Program	16.922	OMB Number 1123-0011	<u>41,227</u>
Total Expenditures of Federal Awards			<u>\$ 2,816,629</u>

Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Commission under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Commission.

Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting not the accrual basis as the Commission's financial statements. The Commission uses the cash basis of accounting, wherein revenues are recognized when cash is received, and expenses are recognized when paid. The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Commission's portion, may be more than shown.

The Commission has not elected to use the 10% de minimis indirect cost rate.

Contingent Liabilities-Grants

The Commission received grant funds, principally from the Federal Government, for construction projects. Expenditures from these grants are subject to audit by the grantor, and the Commission is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the Commission, no material refunds will be required as a result of expenditures disallowed by the grantors.

Subrecipients

No awards were passed through to subrecipients.



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

**To the Commissioners
Capital Region Airport Commission
Richmond International Airport, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Capital Region Airport Commission as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Capital Region Airport Commission's basic financial statements and have issued our report thereon dated October 26, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Capital Region Airport Commission's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Capital Region Airport Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capital Region Airport Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson Farrow Cox Associates

Charlottesville, Virginia

October 26, 2020



**Independent Auditors' Report on Compliance For Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance**

**To the Commissioners
Capital Region Airport Commission
Richmond International Airport, Virginia**

Report on Compliance for Each Major Federal Program

We have audited Capital Region Airport Commission's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Capital Region Airport Commission's major federal programs for the year ended June 30, 2020. Capital Region Airport Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Capital Region Airport Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Capital Region Airport Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Capital Region Airport Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, Capital Region Airport Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of Capital Region Airport Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Capital Region Airport Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson Turner Cox Associates

Charlottesville, Virginia
October 26, 2020

CAPITAL REGION AIRPORT COMMISSION

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
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20.106	Airport Improvement Program
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Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Prior Year Findings and Questioned Costs

There were no prior year findings reported.